MOUNTAIN REGION FIXED ROOF ACCOMMODATION ASSESSMENT

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Alberta Economic Development

By:

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EXECUTIVE SUMMARY

Introduction

This project was commissioned by Alberta Economic Development to assess the opportunities for specific Alberta communities that may occur as a result of Parks Canada setting room caps in Jasper, Banff and Waterton Lakes National Parks. Assuming demand for these mountain experiences continues, when will demand overtake supply and to what communities is the demand most likely to "spill"?

The specific objectives of the project were:

- To assess the supply of fixed roof accommodation, rumoured supply, and potential build out capacities in the communities specified in the RFP;
- To forecast the demand for fixed roof accommodation and the timing for additional supply in the area; and
- To create a methodology to track future development and adjust demand/supply forecasts.

Limitations and Restrictions

The analysis and conclusions in this report are based on broad factors in the economy and in the tourism markets, as well as the historical supply and demand patterns in fixed roof accommodation in the study region. Any major expansion of an existing property or development of a new property will require its own detailed feasibility assessment.

This report has been prepared for the use and guidance of communities, parties interested in improving or expanding existing accommodation properties or developing new ones, and public jurisdictions supporting tourism growth. It is up to the respective parties to conduct their own due diligence in determining the feasibility of a particular investment.

As is customary in assignments of this nature, neither the name of our organizations or ***any part*** *of this report may be included in any prospectus, press release, offering or representation in connection with the sale of securities or participation interests offered to the public.*

Study Methodology

The consulting team conducted the following major tasks as part of the project.

- Reviewed and assessed the "build out" capacities of each community in Alberta's mountain communities.

- Assessed the market demand for fixed roof accommodation in and around the mountain settings by:

  - Reviewing published research;
  - Interviewing Alberta tourism marketers and the development community; and
  - Interviewing Alberta mountain area communities.

- Assessed the supply and potential supply of fixed roof accommodations in the mountain communities and ten specific Alberta communities by:

  - Reviewing published materials, plans and bylaws;
  - Conducting interviews with key officials and development interests to determine the planned activities and the potential supply in each of the communities being studied; and
  - Assessing the supply of fixed roof accommodations on the B.C. side of the Canadian Rockies.

- Creating growth scenarios for Alberta based on this demand/supply assessment.

- Assessing the distribution of the potential growth to the communities specified.

- Assessing the potential of each community in relation to Alberta's mountain destined markets.

- Commenting on the approach Alberta might take in supporting community development to address mountain destined markets.

The Alberta communities that were the subject of this assignment included:

- Four Rocky Mountain National Park communities:

  - Jasper;
  - Banff;
  - Lake Louise; and
  - Waterton Lakes.

Kananaskis Village in Kananaskis Country was also treated as a mountain park community as it is a significant node of mountain accommodation located within a protected area under provincial jurisdiction.

These five communities are referred to in this report as "mountain communities" and their rooms are referred to as "mountain community accommodations".

When considering mountain community accommodations, hotel and motel rooms offered for overnight accommodations located in the four National Park communities were counted. In addition, rooms located outside the communities but within the National Parks, referred to as Outlying Commercial Accommodation (OCAs) were also included if they offered rooms on an overnight "hotel" basis. A small number of the back country huts, hospices and lodges were not included as "commercial hotel/motel" accommodations for the purpose of this study. Kananaskis Country accommodation was then added to the mountain communities.

- Eleven eastern slopes communities were considered:

  - Grande Cache;
  - Hinton;
  - Rocky Mountain House;
  - Canmore;
  - Bragg Creek;
  - Longview;
  - Turner Valley;
  - Crowsnest Pass;
  - Pincher Creek;
  - Fort Macleod; and
  - Cardston.

Hotels and motels listed in the 2002 Alberta Accommodation Guide were included in these communities. Other properties, not found in the accommodation guide, were included if it was established by phone call or visit that they offered rooms on an overnight accommodation basis. Hotel and motel accommodations offered outside the municipal boundaries of these communities were also included in the community figures where the community was considered the economic focal point for these mountain properties. For example, Black Cat Guest Ranch is included with Hinton because it would use Hinton as its supply point to some extent.

While rooms in Bed and Breakfast (B & B) properties were estimated from available data, they were not the focus of this assignment. In each community the total numbers of B & B rooms was estimated. They were not, however, included in the supply forecasts.

Key Findings

Mountain Region Accommodation Demand

The consulting team assessed the range of growth in demand forecasts globally, nationally and for Alberta from a variety of sources. The range of growth projections for the longer term was from about 2% per annum to 4.1% per annum for tourism.

Three growth scenarios were developed and modeled from this range. After looking at these data, the 3.2% growth scenario was determined to be the most reasonable for the longer term.

The second decision, on when demand would "spill over" from the parks areas to other communities was made on the basis of input from many respondents in the hotel sector, the community planning area and the hotel development and franchising sectors. A level of 65% occupancy for mountain community accommodations was the most reasonable "conservative" level at which demand would begin to spill over.

Initially, it was necessary to understand accommodation supply in the mountain region. The three million room nights of supply are outlined in the table following:

EXHIBIT 1: MOUNTAIN NATIONAL PARK ACCOMMODATION SUPPLY, 2001

	Jasper	*Banff*	*Lake Louise*	*Kananaskis Country*	*Waterton*	*TOTAL*
No. of Properties	22	42	9	4	11	**88**
No. of Rooms	2,200	4,331	1,102	475	412	**8,520**
Avg. Rooms/Property	100.0	103.1	122.4	118.8	37.5	**96.4**
No. Available Room Nights	803,000	1,580,815	402,230	173,375	76,220	**3,035,640**
Percent Total Available Room Nights	26.5%	52.1%	13.3%	5.7%	2.5%	**100%**
Additional Rooms Permitted (Max)	24	250	50	0	16	**340**

Source: Western Management Consultants and Urban Systems Ltd. Research

Mountain community accommodation demand is based on average estimated occupancies for each community. These occupancies are estimated based on published secondary sources and interviews with key stakeholders. The overall average occupancy of 61.8% yields some 1.88 million room nights demanded annually for the region.

EXHIBIT 2: MOUNTAIN NATIONAL PARK ACCOMMODATION DEMAND, 2001

	Jasper	*Banff*	*Lake Louise*	*K Country*	*Waterton*	*TOTAL*
Annual Occupancy Rate (%)	60.0%	63.0%	63.0%	60.0%	55.0%	**61.8%**
No. of Occupied Room Nights (room nights)	481,800	995,913	453,405	104,025	41,921	**1,877,064**
Annual Average Daily Rate ($Cdn)	$180.00	$195.00	$190.00	$153.00	$140.00	**$186.92**
Gross Room Revenue ($Millions)	$86.72	$194.20	$48.15	$15.92	$5.87	**$350.86**
Market Share (% Revenue)	24.7%	55.4%	13.7%	4.5%	1.7%	**100%**

Source: Western Management Consultants and Urban Systems Ltd. Research

Community Accommodation Demand

The ability of communities to accommodate demand spilling over from the mountain parks is another factor in the modeling approach. Based on secondary sources, surveys and interviews, the following demand characteristics are identified for the ten communities reviewed.

EXHIBIT 3: COMMUNITY FIXED ROOF ACCOMMODATION DEMAND, 2001

	Hinton	*Gr. Cache*	*Rocky Mtn. House*	*Can more*	*Bragg Creek*	*Turner Valley*	*Crows nest*	*Pincher Creek*	*Fort Macleod*	*Cardston*	*Total*
Annual Occupancy Rate	61.9%	50.0%	60.0%	55.0%	50.0%	50.0%	60.0%	50.0%	50.0%	60.0%	**54.7%**
No. of Occupied Room Nights	188,204	45,625	78,621	361,952	548	4,745	37,449	35,770	21,353	18,177	**792,443**
Annual Average Daily Rate	$68.75	$50.00	$65.00	$82.85	$60.00	$45.00	$45.00	$50.00	$40.00	$60.00	**$56.66**
Gross Room Revenue ($M)	$12.94	$2.28	$5.11	$29.99	$0.0329	$0.214	$1.69	$1.79	$0.854	$1.09	**$55.98**
Market Share (% Revenue)	23.1%	4.1%	9.1%	53.6%	0.1%	0.4%	3.0%	3.2%	1.5%	1.9%	**100%**

Source: Western Management Consultants and Urban Systems Ltd. Research

The total room nights demanded of 792,443 at a 54.7% average occupancy suggests that there are rooms available to service the market demand spilling over from the mountain communities. However, a good share of these rooms are less suitable for mountain markets. For the purpose of this report, it was assumed that new or renovated properties would be developed to respond to this additional demand.

Forecasting Demand "Spillover"

The forecast of demand "spillover" is based on the following assumptions:

- The *average* annual growth rate in room-nights demanded remains at 3.2% throughout the forecast period.
- The base year, 2002 is assumed to have the same level of room-nights demanded as 2001.
- This growth rate remains proportional across all mountain communities in Alberta's Rockies - each community has demand growth at the 3.2% level over the period.
- The point at which new supply will be constructed by the private sector occurs when a 65% average annual occupancy rate occurs in the mountain communities.

- Demand spills over entirely to the Alberta side of the Rockies during the forecast period.
- The ten communities responding in this study respond to demand spillover with new supply suited to the mountain markets.
- Prices, which are a key factor in creating the spillover and the interest in building new product, maintain their relative positions in a broad sense over the forecast period.
- No major events occur that would significantly impact market interest in the mountain environment.
- All "spillover" demand can be captured on the Alberta side of the Canadian Rockies, and it does not choose to go to another country or to the province of British Columbia.
- Tourism marketing of Alberta remains competitive with other jurisdictions throughout the forecast period.

While all of the assumptions identified above will not apply during the forecast period, they affect the room-nights demanded so that the maximum rooms demanded in Alberta are implied. Therefore, by using this growth rate and the group of assumptions, the maximum number of new hotel rooms required to respond to the anticipated growth is forecast. By varying assumptions, a smaller number of hotels and room-nights demanded will be implied.

The forecasting method is based on three steps:

- Calculate increased total demand in each year, from the occupied room based estimate for 2001.
- Estimate the total capacity room nights available based on the "build out" estimates for each mountain community.
- Estimate the number of rooms that will "spill over", with 65% average occupancy as the trigger rate to create the spillover, and calculate the number of 100 room properties required at each of 2005, 2010 and 2015.

These three steps are summarized in the sections following:

Step 1: Total Rooms Demanded in the Mountain Communities

The total rooms demanded in each of the mountain communities is illustrated for 2005, 2010 and 2015 based on the occupied room nights evident in 2002, with 2002 demand assumed to be equal to that of 2001.

EXHIBIT 4: ESTIMATE OF TOTAL DEMAND FOR OCCUPIED ROOMS, MOUNTAIN COMMUNITIES, 2005 - 2015, BASED ON 3.2% GROWTH RATE (THOUSANDS OF ROOM NIGHTS)						
Year	***Jasper***	***Banff***	***Lake Louise***	***K Country***	***Waterton***	***TOTAL***
Base: 2002	481.8	995.9	253.4	104.0	41.9	1,877.1
2005	529.5	1,094.6	278.5	114.3	46.1	2,063.1
2010	619.9	1,281.3	326.0	133.8	53.9	2,415.0
2015	725.6	1,499.9	381.6	156.7	63.1	2,826.9

Source: Western Management Consultants and Urban Systems Ltd. Research

Total demand is anticipated to grow by 186,000 room nights, or 9.9% between 2002 and 2005. Demand growth from 2002 - 2010 is anticipated to be 537,900 room nights, or 28.7%. Finally, demand in 2015 for mountain experiences is anticipated to be 50.6% above the 2002 level, or a total of 949,800 additional total room nights.

Step 2: Capacity Room Nights Available in Mountain Park Communities

The second major aspect of forecast is to calculate the "build out" capacities in room nights for the existing mountain park communities. This information was provided by Parks Canada and community planners for these communities.

EXHIBIT 5: CAPACITY ROOM NIGHTS AVAILABLE IN MOUNTAIN PARK COMMUNITIES						
	Jasper	***Banff***	***Lake Louise***	***K Country***	***Waterton***	***TOTAL***
Capacity (No. of Rooms)	2,224	4,581	1,152	475	428	8,860
Room Night Capacity ('000)	811.8	1,672.1	420.5	173.4	79.2	3,156.9
Share of Mtn. Supply (%)	25.7%	53.0%	13.3%	5.5%	2.5%	100%

Source: Western Management Consultants and Urban Systems Ltd. Research

Step 3: Forecast of "Spillover" Room Demand

Based on the 3.2% growth rate, and spillover after 65% occupancy, the demand in each community was calculated.

EXHIBIT 6: SPILLOVER" DEMAND ESTIMATES, 2005 - 2015, ROOM NIGHTS AND PROPERTIES*						
	Jasper	***Banff***	***L Louise***	***K Country***	***Waterton***	***TOTAL***
Room Nights 2005	1,905	7,771	5,207	1,641	0	16,523
Properties, 2005	0.025	0.213	0.143	0.045	0	0.426
Room Nights, 2010	92,231	194,482	52,714	21,143	2,468	363,039
Properties, 2010	2.53	5.33	1.44	0.58	0.07	9.95
Room Nights, 2015	197,965	413,042	108,326	43,972	11,668	774,972
Properties, 2015	5.42	11.32	2.97	1.21	0.32	21.24

Source: Western Management Consultants and Urban Systems Ltd. Research

**Refers to number of 100 room properties operating 365 days a year that would be required to satisfy the demand.*

This table suggests that the entire "spillover" demand from all mountain communities by 2005 will justify the construction of less than half a 100 room property, or 43 rooms. This assessment does not account specifically for the lower room demand in Canmore today, or for the capacity of Hinton to accommodate demand. It is more likely that these communities would absorb this demand without the building of any new properties in the mountain communities in the short run.

By 2010, about ten new 100 room properties are needed, based on this approach. Banff and Lake Louise demand "spillover" accounts for 6.7 (670 rooms) of these properties, while spillover from Jasper justifies 2.5 properties, or 250 rooms.

In the final year of the forecast, 2015, there are 21 hotels required by this demand, with Banff/Lake Louise generating demand for 14.3 properties, Jasper for 5.4 properties and Waterton for less than one property (i.e., 32 rooms).

This forecast assumes that all the mountain spillover demand will go to Alberta. There are some 4,542 existing and 2,112 planned rooms in the five B.C. mountain communities reviewed in this study, for a total supply of 6,654 rooms on the other side of the Rockies. These destinations will, of course, compete for the mountain market. By assuming that all demand goes to the Alberta side, we are therefore providing a maximum estimate of the new hotels demanded in the Alberta mountain region to 2015.

Strategies for Alberta

Clearly, the demand spillover from the mountain communities is being addressed in Canmore and Hinton now, and there are potential development sites in or near the National Parks that could respond to this demand. When asked to provide their thoughts on the "spillover" anticipated, the development community provided these responses:

- The Alberta Rockies is a strong destination for the mountain product, but it is not so secure that one should think it will spill over high levels of demand elsewhere in Alberta.

There are visitors from around the world who want to come to Banff. If they cannot come to Banff, they will not go elsewhere in the Alberta Rockies. Rather, they will go to Whistler, Vail, or other mountain destinations.

- The private sector is already accommodating the excess demand for Banff and Jasper. This is evident in Canmore and Hinton where branded properties (Radisson, Sheraton Four Points, Ramada, Super 8), sometimes owned by overseas money, compete for the markets respectively to Jasper and Banff.

- Alberta's mountain communities cannot offer the product that the mountain market is buying today i.e., ownership opportunities in a resort destination offering year round activities, full services and a "reputation". Fractional ownership, on-hill accommodations, easy air access, and "massing" of people to create entertainment venues is what a large part of the mountain market seeks.

- The Alberta communities identified as possible venue for mountain market demand cannot "replace" the mountain experience for those markets that spill over from the mountain communities. Their product will be different, and it will appeal to different people. It may appeal to Albertans who will find a more affordable outdoor experience than in the other destinations. The international visitor however, bound for Alberta's Rocky Mountain National Parks, will not be diverted to these other communities or experiences either instead of or on their way to the Canadian Rocky Mountains.

- There are opportunities in some or all of these communities, but not specifically related to the destination market for Alberta's Rocky mountains.

Destination Area Development

Several respondents shared the view that if Alberta wished to be competitive in the global mountain market, and if rapid growth was desired, a more strategic approach would be required.

Strategies suggested by the survey respondents included the following:

- Identify and foster development of one new "icon" mountain destination area that offered:

  - Year round activity possibilities, including water and land based activity;
  - Skiing;
  - Airport access (within 1.5 - 2.0 hours);
  - Various accommodation options and tenures; and
  - An active village of sufficient size to attract interest.

- Provide strategic support for such development, including:

  - Land tenure options;
  - Hard services and quality access; and
  - Support for major attractors where appropriate - golf, interpretive areas, trails, etc.

- Foster development of other smaller, high quality destination experiences such as rustic lodges and inns in spectacular locations and near appropriate services. These locations will not make a big difference in terms of volumes of visitors but they will add to the attractiveness of the destination and to the positioning of the Rockies.

- Focus on marketing. If we are able to bring the market to the region, the private sector will handle opportunity development in most areas. Canmore and Hinton, where supply has been created to address mountain park demand, are examples of this.

- The major role in development played by the public sector should be to encourage development. In Alberta this means identifying Crown land areas that are ripe for development, fostering conversion of appropriate lands for development, and supporting the provision of basic infrastructure (e.g., water, road, sewer).

While this feedback from the development sector was not identical, the above comments reflect the feedback of many. The theme is certainly similar from all, at least in relation to mountain markets.

Several members of the development community identified Kananaskis Country as the obvious location for the development of an accessible, four season resort. The existing development is far below threshold levels needed to create a destination, yet the infrastructure is in place to support a major development. If Kananaskis Country were opened to private sector resort development in and around the Village area, there would be significant interest and the resort would prosper and draw national and international markets. These respondents recognized, of course, that there are significant policy issues for government in addressing this opportunity.

Summary of Community Opportunities

Focusing on the communities that are the subject of this report and specifically on their opportunities in relation to the mountain market, we offer the following comments which are focused on the next three to five years.

EXHIBIT 7: OPPORTUNITIES FOR COMMUNITIES IN RELATION TO MOUNTAIN MARKET, 2003 - 2005		
Community	***Opportunity in Relation to Mountain Market***	***Fixed Roof Accommodation Opportunity***
Grande Cache	➢ Could serve regional (Alberta, B.C., Saskatchewan) soft adventure/hard adventure markets for mountain experience. Extreme adventure markets will continue to be focused on events primarily.	➢ Branding (e.g., Super 8, Days Inns) of one or more local properties possible in the near future. ➢ A branded, leisure-focused property (50 - 70 rooms) near the visitor centre is possible in the longer term.
Hinton	➢ Service role to the Jasper spillover market will remain in short to medium term. ➢ Opportunity to develop the Cougar Rock tourism node west of Hinton for the mountain market.	➢ Absorption of new supply occurring now to 2005. ➢ New supply after 2005 - 100 rooms. ➢ Cougar Rock will offer alternative for regional markets and some overseas markets in the latter part of decade.
Rocky Mountain House	➢ RMH prospering based on its economic strength. ➢ Mountain markets will be more interested in the development of the tourism nodes west of Rocky Mountain House. The Whitegoat Lakes node is available for development now.	➢ Absorption of new supply will take a few seasons, to 2004. ➢ Opportunity for branding some existing independent properties. ➢ Conversions and renovations anticipated to 2005.
Canmore	➢ Continuing role as a service centre to the Banff Rockies.	➢ Absorbing existing supply for one year. ➢ 100 rooms by 2005. ➢ 600 rooms by 2010.
Bragg Creek	➢ Boutique opportunity for mountain demand.	➢ One rustic inn or lodge by 2005 - 20 - 40 rooms. ➢ Larger independent property possible by 2010, depending on services.
Turner Valley	➢ Continue to serve itinerant tourist and business-oriented tourism.	➢ No new properties.

Community	*Opportunity in Relation to Mountain Market*	*Fixed Roof Accommodation Opportunity*
Crowsnest Pass	➢ Emerging role as mountain community, focused on active outdoor, (especially motorized) outdoor market. ➢ Will require significant public support to realize this end.	➢ Opportunity for another flag property in the area by 2005 (net 50 rooms). This will displace some of the existing supply. ➢ Strong opportunities for mountain lodge development. ➢ Longer term opportunity for a destination resort development.
Pincher Creek	➢ Continue to act as an overflow to Waterton, but highly seasonal community.	➢ Possible branding of one additional property, 50 rooms, but no new supply to 2005. ➢ Possible conversions or additions once Castle Mountain has developed as a regional mountain.
Fort Macleod	➢ Continue to act as an overflow to Waterton, but highly seasonal visitation. ➢ Historical resources will remain more important to leisure tourism rather than the mountain market.	➢ No new rooms are likely until a decision on the highway #2 and Highway #3 interchange at Fort Macleod is finalized. The development of the new historic attraction at the original NWMP Barracks site will also stimulate demand.
Cardston	➢ Continue to serve seasonal tourism markets. ➢ High seasonality and low internal growth preclude new development.	➢ No new rooms to 2005 for the mountain market.

Conclusion

Canmore and Hinton are anticipated to continue in their roles as spillover communities for mountain markets during the forecast period.

There are significant opportunities in or near some of the other communities for development related to tourism markets other than the mountain markets. In particular, there is an opportunity to develop alternatives to the large volume destination resort product. Small, high-quality, hotels, lodges and mountain retreats can be developed in areas near Hinton (Cougar Rock), Rocky Mountain House (Whitegoat Lakes), Bragg Creek, and Crowsnest. Development

of small, quality properties in these areas will make mountain regions accessible to the market from Alberta and nearby regions.

While individually these will not respond to the volume mountain markets, they will enhance the interest in and positioning of Alberta's Rockies. Some of these facilities will appeal to a small portion of the international markets for the mountains.

If Alberta intends to compete to attract mountain visitors, it must offer a product superior to that offered by the emerging destination areas in British Columbia. A mountain destination can be superior for many reasons - accessibility, protected environment, superior planning, natural factors, infrastructure, amenity development and many other reasons. Alberta has the opportunity to provide competitive mountain destination opportunities outside the National Parks, in areas such as Kananaskis Country and southwest Alberta. However, current policy, legislation and other land use dispositions will impact opportunities in these areas from being realized to their fullest extent.

1.0 INTRODUCTION

1.1 Background

The Canadian Rockies have, for over 100 years, been the world-renowned icon of Alberta and in many ways for Canada. The Canadian Rockies are an iconic symbol of Canadian's attachment to the land and our commitment to preserve, protect, and present that land through our systems of National Parks. The National Parks in Alberta's Canadian Rockies - Waterton, Banff, Lake Louise and Jasper have been the destination for millions of people from Canada and around the globe for a century.

The National Park communities in Waterton, Banff, Lake Louise and Jasper have acted as the service centres and jumping-off points for mountain adventurers and sightseers seeking big, protected nature in Canada. They have grown in size over time, and in conjunction with the Outlying Commercial Accommodations (OCAs) offer some 6,943 hotel rooms and over 2 million room nights annually to visitors.

The sensitivity of the National Park environments to human use is a central issue and focus for Canada. For this reason, growth in hotel rooms in these Park communities has been limited by legislation. Under current Parks legislation and community plans, Waterton can build 16 new rooms, Banff can build approximately 250 more rooms, Lake Louise 50 more, and Jasper can build 24 more rooms. The total overnight accommodation available in these National Park communities will be permitted to grow from 8,520 rooms to 8,860 rooms. This will "cap" the hotel rooms in these mountain environments for all time, according to legislation and community plans.

The capping of rooms within the National Parks will not by itself reduce demand. In fact, as the world appetite for travel increases, demand for the Canadian Rockies will continue to grow.

Alberta is blessed with many desirable environments for tourism. However, the markets gravitate towards the immense natural landscapes in or near Alberta's Canadian Rockies. The question for Albertans is this... "What should be done to respond to the growing demand for mountain experiences in the face of capped accommodation supply in the Canadian Rockies?" The specific question Alberta Economic Development asks in this study is "What is the growth potential for fixed roof accommodation in the mountain region of Alberta outside the National Parks?"

Alberta is on track as a tourism destination, building toward a $5 billion tourism industry. Addressing the supply of accommodation in Alberta's mountain region is a fundamental requirement if Alberta is to achieve this target.

1.2 Purpose of the Project

The purpose of the assignment is to forecast and assess the growth potential for fixed roof accommodation in the mountain based National Parks, Kananaskis Country and ten specific responding communities in the mountain region of Alberta.

1.3 Project Objectives

The terms of reference identify the project objectives, which are summarized below. These include:

- To assess the supply of fixed roof accommodation, rumoured supply, and potential build out capacities in the communities specified in the RFP;
- To forecast the demand for fixed roof accommodation and the timing for additional supply in the area; and
- To create a methodology to track future development and adjust demand/supply forecasts.

1.4 Limitations and Restrictions

The analysis and conclusions in this report are based on broad factors in the economy and in the tourism markets, as well as the historical supply and demand patterns in fixed roof accommodation in the study region. Any major expansion of an existing property or development of a new property will require its own detailed feasibility assessment.

This study, as it applies to the specific recommendations for development, does not constitute a full market and financial feasibility study. It provides an analysis of accommodation demand and supply based on our research with respect to historical, current and projected economic data, sources of demand, developments planned at the time of our research, and the status of competitive markets at the completion of our fieldwork. Site assessment and fieldwork was completed by March 15, 2002.

This report has been prepared for the use and guidance of communities, parties interested in improving or expanding existing accommodation properties or developing new ones, and public jurisdictions supporting tourism growth. It is up to the respective parties to conduct their own due diligence in determining the feasibility of a particular investment.

As is customary in assignments of this nature, neither the name of our organizations or ***any part*** *of this report may be included in any prospectus, press release, offering or representation in connection with the sale of securities or participation interests offered to the public, without our prior written consent.*

1.5 Study Methodology

The consulting team from Urban Systems Ltd. and Western Management Consultants conducted the following major tasks as part of the project.

- Reviewed and assessed the "build out" capacities of each community in Alberta's mountain National Parks and in Kananaskis Country.
- Assessed the market demand for fixed roof accommodation in and around the mountain settings by:
  - Reviewing published research;
  - Interviewing Alberta tourism marketers and the development community; and
  - Interviewing Alberta mountain area communities.
- Assessed the supply and potential supply of fixed roof accommodations in the National Parks and the ten specific communities that responded by:
  - Reviewing published materials, plans and bylaws;
  - Conducting interviews with key officials and development interests to determine the planned activities and the potential supply in each of the communities being studied; and
  - Assessing the supply of fixed roof accommodations on the B.C. side of the Canadian Rockies.
- Creating growth scenarios for Alberta based on this demand/supply assessment.
- Assessing the distribution of the potential growth to the communities specified.
- Made comments and assessment of the potential of each community in relation to Alberta's mountain destined markets.
- Commenting on the approach Alberta might take in supporting community development to address mountain destined markets.

This report summarizes the findings of this work.

1.6 Communities in the Mountain Region

A brief description of the role played by the mountain region communities addressed in this study is provided below. These communities are considered in more detail in later sections of the report.

Banff - The target community of choice for much of the overseas market, Banff offers 4,331 rooms and provided around 1.0 million room-nights for overnight visitors in 1999. Banff is one of the few Alberta communities that registers on unaided awareness surveys of our international markets. Banff operated at virtually 100% summer occupancy levels for much of the 1990's. However, in 2001 there was some availability during the summer for the first time in many years. A 22% reduction in park gate traffic and a 10% decline in in-group traffic were cited as the issue, due mainly to a decline in the number of Japanese tour visitors.

Lake Louise - A resort community of nine hotel properties offering 1,102 rooms, Lake Louise experiences a sold out summer season. Its other seasons basically follow the patterns experienced in Banff. Winter ski markets modulate seasonality somewhat, but spring and fall are low occupancy periods.

Jasper - With 2,200 rooms providing about 482,000 occupied room nights in 1999, Jasper is the second major destination in the Rockies. Like Banff and Lake Louise, summer occupancy is very high, and extreme seasonality is a challenge for the community.

Waterton - The community of Waterton has eleven properties with 412 rooms today. It has traditionally been fully occupied in the summer, and not open in the winter season. In recent years, three properties have remained open almost all year, although the Park itself is closed. As a result, roads are not plowed to the park attractions, and the attractions themselves are closed. Parks Canada has emphatically stated that winter closure will remain in place in this National Park in the future.

Kananaskis Country – Created as a protected recreation area for Albertans during the early 1980's, Kananaskis Country is a pristine mountain region offering a full range of non-motorized and motorized four season recreation opportunities. Four hotel/motel properties offer a total of 475 year round rooms. In addition to these rooms, there are a number of seasonal lodges, and a TeePee property in the area.

Grande Cache - Nestled in the Rockies on the northeast edge of the Willmore Wilderness Park, Grande Cache is an emerging pleasure travel service centre. It functions today mainly as a service centre for oil and forestry activity, mining, and business traffic related to those sectors. It aspires to grow as an adventure tourism destination.

Hinton - A service centre for forestry, oil and gas, and highway traffic, Hinton has 833 hotel rooms. In recent years flagged hotels have been built in the community, and it increasingly serves as an overflow alternative to Jasper hotels during the summer high season. In particular, it has become a tour bus destination for coaches that are not stopping overnight in Jasper.

Rocky Mountain House - A centre for oil and gas and forestry activity, the hotels and motels in Rocky Mountain House serve primarily business tourism throughout the year. During the high season, pleasure tourists bring the rooms to near full occupancy.

Canmore - This community is growing dramatically as a destination for Banff National Park visitors. However, it is also becoming a mountain destination in its own right. With 1,800 rooms today and a potential increase in supply of 2,800 rooms in the Silvertip and Three Sisters developments alone (as per plans approved by the Town), Canmore is best positioned to handle the Banff overflow.

Bragg Creek - A quaint mountain community, Bragg Creek has no hotels and functions primarily as a bedroom community of Calgary. Limited visitation to Bed and Breakfast establishments in the area represent the overnight tourism. Day visitation from Calgary is its major market relationship.

Turner Valley - A community with history and a local service function, Turner Valley does not serve the mountain market in a significant way at present.

Longview - With one small hotel, Longview is a local service centre. When contacted, Longview expressed the view it was not able to participate in this study.

Crowsnest - The community of Crowsnest is nestled in the Rockies, offering outdoor adventure and coal mining history at its doorstep. With only 170 rooms to date but strong private sector interest, this community has the potential to emerge as a mountain destination in the foreseeable future.

Pincher Creek - Located ideally for access to Waterton Lakes National Park as well as the new Castle Mountain resort, Pincher Creek could play a role on the tourism supply side. At present it serves the agricultural and oil and gas industries of the region with seven properties and 196 rooms. These rooms are full in the summer, but suffer from a single major season.

Fort Macleod - Well situated in relation to major highways, and possessing a great historical significance, Fort Macleod has potential in the longer term. It does not serve mountain visitors in a significant way today.

Cardston - An agricultural service centre, Cardston's two hotels serve international highway traffic during the high season. It has little pleasure tourism in the low season. Its location 30 minutes from Waterton Lakes National Park brings some summer overflow stays, but the single season Park is an issue.

1.7 Acknowledgements

The consulting team would like to thank all of the community representatives and the many other respondents from industry who gave so generously of their time and enthusiasm in support of this project.

2.0 ALBERTA MOUNTAIN REGION TOURISM MARKET OVERVIEW

2.1 Introduction

This section looks at the characteristics of visitors to our mountain regions, outlines expected trends, and forecasts demand scenarios for the future.

2.2 Mountain Region Market Characteristics

The most recent available research on visitor characteristics to Alberta's Canadian Rockies is summarized in a series of papers based on the two major Statistics Canada surveys - the Canadian Travel Survey (CTS) and the International Travel Survey (ITS). The harmonized CTS/ITS data for 1999, the most current harmonized data, provided information on day and overnight visitors to the Rockies.

- Visits to the Rockies represented almost 18% of all overnight visits to Alberta. However, it represented 46% of all U.S. visits and 78% of overseas overnight visits to Alberta. So the Rockies are particularly important for international export tourism in Alberta.

- Overnight visits represented 65% of all visits to the Rockies. Canadians make up 51% of all visits (Albertans are 37%), U.S. visits accounted for 21% and overseas visitors accounted for 26% of all overnight visits.

- The main trip purpose for visitors to the Rockies is pleasure (78%), followed by visiting friends and relatives(10%) and business (8%).

- Accommodation spending in 1999 by visitors on overnight trips was $378.1 million, 41% of the total $924 million in direct spending that occurred in this region.

- Overnight visits to the Rockies were 7.1 million person-nights in 1999, 19% of all person-nights spent in Alberta. Some 40% of these nights were spent in hotels, 12% in motels and 8% in other fixed roof accommodations for a total fixed roof market share of 60% or 4.3 million person-nights.

- Half of the visits to the Rockies, 49%, come in the summer (July - September), 14% in the fall (October - December), 15% in winter (January - March), and 22% in the spring (April - June). While this quarterly data underestimates the actual tourism "high season" market, they underscore the dramatic seasonality of our tourism offering.

- What do visitors do when they visit the Rockies - they visit friends, attend cultural events, engage in sports, shop, go site seeing, and visit parks/historic sites.

Information from the 2000 ITS, recently made available, sheds some light on the activities and interests of international visitors to Alberta.

- Of the 2.2 million person-visits to Alberta, 60% were from the U.S. and 40% were from overseas. Some 88% of visitors stayed at least one night.
- Pleasure travel represented 63% of all overnight travel from international markets, accounting for 55% of all American visits and 69% of all overseas visits.
- Of the 10.7 million person-nights spent in Alberta by international visitors, almost half (5.2 million) were spent in lodging accommodations.
- Activities of international pleasure visitors to Alberta included sightseeing, shopping, visiting parks and historic sites (81% for U.S. and 84% for overseas respectively) as well as outdoor sports (about 41%).
- Alberta's Rockies are one of the primary destinations for Alberta's international visitors, accounting for 40% (4.3 million) of all person-nights spent in the province. Of the 4.7 million person-nights spent by U.S. visitors, 38%, or 1.8 million person-nights were spent in the Rockies. For overseas visitors, 42% of the 6 million person-nights spent in Alberta (2.5 million person-nights) were spent in the Rockies region.

Mountain region hotel occupancies have traditionally been the highest in Alberta, running about ten points ahead of the Alberta average. The data in Exhibit 1 following is sourced primarily from two organizations. Alberta Economic Development has produced annual data for the listed source areas based on published information from Pannell Kerr Forster, Hospitality Valuation Services and others. The latest year of data, 2001, is sourced from Hospitality Valuation Services. While these data come from the sources mentioned, they do not necessarily match the occupancy rate data the consultants in this study have settled on as representative of the area, based on the variety of sources we have contacted.

EXHIBIT 1: ACCOMMODATION OCCUPANCY RATES (%), ALBERTA, 1996 - 2001

Year	*Calgary*	*Edmonton*	*Mountains**	*Total Alberta*
1996	69.0	60.2	75.5	65.9
1997	73.5	61.1	72.9	69.2
1998	73.9	61.9	74.6	68.5
1999	67.6	60.8	76.5	65.1
2000	65.7	62.2	72.7	65.1
2001	64.7	64.6	66.0	64.1

Sources: Alberta Economic Development, HVS International – Canada

** Includes Banff, Jasper, Lake Louise, and Waterton*

Recent data indicates that the mountain region is at its lowest annual occupancy in many years, and this in an environment in which rates have been cut fairly dramatically. The severe seasonality of the mountain destination amplifies the impact on mountain properties, reducing profitability. We will not know until summer, 2002 just how dramatic an impact September 11th and the change in travel choices will have on our mountain region destinations.

Clearly, the mountain region is a major attractor of international visitors, while remaining a target region for Canadian pleasure travellers as well. While the National Parks are certainly a major reason for visiting the region, these markets are also interested in what they can see and do in the mountain environment.

2.3 Mountain Region Travel Outlook

2.3.1 Domestic Travel Outlook

Half the visitors to Alberta's Rockies are Canadians, and many of those Canadians are Albertans. A quick look at the prospects for travel by Albertans to the Rocky Mountain regions suggests a positive outlook. The Conference Board of Canada, at a recent presentation in Alberta, summarized the key factors for Alberta as follows:

- The Alberta economy, even in an economic downturn, will lead the nation in the foreseeable future.
- Alberta's long term growth rate is expected to be 3.2%, leading the country (Conference Board of Canada).
- Alberta's unemployment rate will remain the lowest in the country, and labour force supply issues may be and likely are being experienced. In tourism and hospitality, these issues are already clearly evident.
- Announced major projects, totaling some $78 billion, will continue to fuel economic growth in this decade.
- Albertan's disposable income will remain at one of the highest rates in Canada.

With high disposable income, high employment, a growing population, and good prospects for the decade, one can expect Albertans to continue to travel to the mountain regions. In fact, Alberta was the fastest growing province, at 10.3% population growth, between 1996 and 2001[1]. The population will have reached 3 million at the time of writing.

While economies elsewhere in Canada are recovering from the downturn more slowly, they too are expected to rebound in the coming year or so. In fact, consumer confidence has increased significantly in the past month, suggesting a consumer led recovery in Canada. The February 2002 Hotel Association of Canada conference heard from keynote speakers from major hotel companies that, although the hotel industry in Canada lost close to 800,000 room nights as a result of September 11th, the sector was cautiously optimistic about rebounding demand by the third quarter, 2002.

[1] *Statistics Canada 2001*

The domestic travel outlook suggests an earlier recovery than the U.S. will experience. According to a January, 2002 Ipsos-Reid survey:

- 93% of Canadian travellers will plan an overnight trip in the next 12 months, up from 85% in November.
- 42% will take a pleasure trip.
- 59% will consider a trip in Canada, up from 52% in November.

Pannell Kerr Forster estimates that hotel occupancy in Canada will recover in 2002, and the overall 63% occupancy will exceed the 62% of 2001 (PKF, 2002). This despite the dramatic losses experienced in the fourth quarter of 2001.

In Alberta, Banff has suffered huge losses in visitation, while our urban regions have also experienced decreases of significant magnitude as a result of the September tragedy. Mountain region occupancy rates were down over 28% in September, 15% in October, 9.7% in November and 6.2% in December of 2001 as compared with the same months in 2000. On a year over year basis, occupancy in the mountain region is down over 9% in 2001 as compared with 2000. Some of our smaller destinations and communities in Alberta have, however, experienced increases in business. This is generally attributed to more of the market choosing driving vacations closer to home.

Alberta's Rockies will continue to be one of the most desirable destinations for Albertans and Canadians in the foreseeable future. In fact, these markets have been replacing international markets in the past three quarters as lower rates and aggressive marketing have attracted them to the mountain destinations. Certainly as the economy recovers from this cyclical downturn, and if there is a return from the fears of terrorism, the growth in interest and demand for the rocky mountain experience in Canada is assured.

2.3.2 International Travel Outlook

The other half of the visitors to the Alberta Rockies came from international markets, with about 60% from the U.S. and 40% from overseas. The terrorist attack on the World Trade Center in New York City on September 11th, 2001, has thrown the travel industry into turmoil. Airlines, resort hotels, urban upscale hotels and most air serviced destinations have seen dramatic decreases in visitation; the likes of which has never been seen before in the travel industry.

- The World Tourism Organization estimates that 8.8 million tourism jobs were lost globally in 2001, and that recovery will take some time.
- The airline industry has been bleeding losses globally and a number of carriers have declared bankruptcy. Capacity has been cut significantly. U.S. air traffic was down 14.2% in December, 2001 over the previous year.

- Airline ticket sales in the U.S., as reported by the Airlines Reporting Corporation, were down 40% in October, 31% in November, and 21% in December over the year previous.
- Air capacity into Alberta has decreased by 20% for U.S. nonstop flights since September.
- In recent weeks, capacity increases have been announced by some airlines, pointing to a possible rebound in travel.

The economic uncertainty globally adds to the uncertainty in the travel outlook. The hotel sector in North America is experiencing a cyclical low, and has been in this position since summer 2001. The economic downturn has reduced Average Daily Rate (ADR) and Revenue Per Available Room (RevPAR) in hotels as occupancies have dropped. More recently prospects for the sector have been more positive, but it will not bounce back strongly until business travel recovers.

2.3.2.1 U.S. Travel Outlook

The U.S. consumer is not resuming national and international travel activity as quickly as the Canadian domestic travel market.

- 18% say future travel plans continue to be affected by September 11th.
- 78% of U.S. travelers intend to travel within the U.S.
- In November, U.S. overnight non-auto travel declined 18.5%, while auto travel increased 7.4%. This is the reverse of the trend toward greater air travel that has been evident for the past decade.
- The business sector in the U.S. has reacted to September 11th and the economy by rethinking business travel. Some 78% of businesses are using new measures to reduce travel spending. About 60% are reducing non-essential travel, while 52% are reducing the number of meetings at hotel sites. Businesses are increasingly concerned about the discrepancy in cost between business and pleasure travel and are acting in response, choosing discount airlines and alternative means of travel.
- U.S. hotels lost 6.7% in RevPAR in 2001, the largest decline since the Great Depression. Industry profits declined 27% in 2001, and are only expected to increase from this 2001 level by 1.8% in 2002.
- Investment funds for U.S. and North American hotel development are severely constrained as a result of the present economics in the hotel sector.

Despite the dismal news from the U.S., Canada represents a preferred travel destination for U.S. residents who are considering outbound international travel. Canada is considered a safe neighbor and is especially preferred by repeat visitors.

- 35% of Americans would consider taking a leisure trip to Canada in the next 12 months (DK Shifflet).
- 43% of repeat visitors are more likely to visit Canada in the next 12 months as opposed to 13% for first time visitors (Canadian Tourism Research Institute).

The Canadian Tourism Research Institute (CTRI), in a Special Edition called "Travel Markets 2002", assessed our source markets post September 11th in some detail. The drivers of U.S. travel are as follows:

- While avoiding recession, the U.S. economy dropped from 5% GDP growth in 2000 to 1.2% in 2001, and is forecasted to be 1.4% in 2002.
- Consumer confidence declined over 30% between mid-2000 and mid-2001. Recently it has shown some increase, prompting Alan Greenspan to announce that the recovery has begun.
- Official Airlines Guide (OAG) projects a decline by 8.1% of non-stop transborder airline seats in 2002 over the 2001 figures.
- Border crossing and airline travel delays will suppress U.S. visitation.
- CTRI forecasts flat growth in 2002 for U.S. travel to Canada.
- CTRI forecasts a drop of 1.6% in U.S. travel to Alberta in 2002 over the year 2000 figures, a figure three times the projected decrease for Canada as a whole. However, this does mean an increase in U.S. travel over the 2001 figures.
- AED expects U.S. tourism growth in Alberta to be 5% in 2002, then tapering off to 1.5% - 2.0% by 2005.

While no one is certain how the high season 2002 will play out in Alberta's Rockies, the expectation is that American visitation will not be down dramatically. In the longer term, we anticipate the Alberta Rockies will continue to be a major destination for visitation and increasingly for investment by Americans.

The information available at present would suggest that a conservative long term growth projection can be applied to demand growth in the Canadian Rockies in relation to U.S. markets.

2.3.2.2 Overseas Travel Outlook

The overseas travel outlook varies by country, and we have profiled some of our major source markets in the sections following.

United Kingdom

- UK travelers appear keen to resume travel, with 51% planning an overseas trip in 2002 (ICM Research). British Airways suffered a 10.4% decline in December, and has reduced capacity by 12.5%. Most airlines predict large losses, and capacity to Canada in direct non-stop seats has declined 9.2% since September.
- Reduced duties to EU destinations will increase travel to that region at the expense of longer haul destinations.
- CTRI is estimating growth of 1.8% over a 2001 decline of 9.5%
- In the longer term, if Canada remains an affordable option for British citizens, our country and our mountain regions will remain a preferred destination.

Germany

- The German economy ground to a halt in recent years, affecting outbound travel.
- Direct seat capacity to Canada is down 4% since September, 2.7% over 2001 as a whole.
- Germans prefer safe, known, destinations and have a great interest in the Canadian Rockies. This preference has not abated.
- CTRI estimates 11.4% growth in this market in 2002, after a 19% decline in 2001.

Japan

- Japan is a critical market for the major resorts in the Rockies. Facing its second recession in four years following September 11th, the Japanese economy in teetering.
- A 42% decline in Japanese outbound travel occurred in November over the previous year. December international travel on Japanese carriers was down 16%, while New Years travel was down 36%.
- Over 44% of Japanese visitors to Canada enter via the U.S., so the impact of September 11th has been very severe in the short run.

- Non-stop direct seats have only declined 0.2% over 2001.
- CTRI is predicting a 2002 increase of 7.4% over 2001 if direct capacity increases by 5%. This remains 5.5% below the visitation level of 2000. If capacity does not increase, expectations are for declines from 2001 visitation levels in the coming year.

Other Asia Pacific countries are showing similar patterns to Japan.

These declining patterns of visitation from the 2000 figures are evident in most of Canada's major origin markets, reflecting the combined impact of global recession and terrorism. As a result, CTRI projects a decline of 6.2% in international visitation to Alberta in 2002 over the 2000 visitation, compared with a Canada-wide decline of 4.8% forecasted for the same period.

Alberta Economic Development expects international travel to Alberta to grow by 2.5% in 2002 relative to the low 2001 figures, and then to grow at a robust 4.5% rate to 2005.

At the time of this writing, it is fair to say that no one really knows whether or how the business will recover and over what time period. The World Tourism Organization (WTO) looks to recovery in 2002 and a sustained growth rate in the coming decade. WTO stands by its forecast of 4.1% annual growth in international tourism arrivals to the year 2020. It appears that American pleasure travel is recovering, although the rubber tire market is rebounding faster than the air market. However, business travel appears to be recovering more slowly, and this has impacted a number of the sectors critical to travel.

2.4 Tourism Trends Impacting the Mountain Region

A number of major tourism trends will impact mountain region visitation. The key trends are summarized below:

- ***Active, Outdoor-Oriented Visitors*** - Health-focused and active markets are attracted to the mountain destinations and its activities. Whether mature market or youth, they find activities meeting their interests in the mountain environment.
- ***Baby Boom Impact*** - The baby boomers, just beginning to retire, will have a dramatic impact on mountain visitation, as they have had on all aspects of life since they were born. Their interest in outdoor activities, adventure, ecotourism, educational activities and specific sporting activities, well documented in the literature, will have a continuing impact on demand for mountain regions.

- ***Mountain Real Estate Investment*** - The boomers are heavy investors in mountain communities, tourism homes, time share, and condominium developments in mountain settings. The growth in mountain region accommodation in B.C., documented later in this report, is testament to this trend. This investment is global rather than local, and it creates accommodation directly in the form of tourism homes. More importantly, however, it builds the destination region, thereby attracting more visitors, more services and ultimately more accommodation demand.

- ***Adventure Tourism*** - Still one of the fastest growing areas of tourism, adventure travel is growing at 15% - 20% rates. These markets seek mainly soft adventure - day trips with comfortable accommodations in the evening. The mountain regions offer this product.

- ***Environmental Interest*** - Many travelers are looking for experiences that bring them closer to nature and the environment, often in a learning environment. This trend will increase as the boomers take more time from work, and certainly as they retire.

- ***Experiential Tourism*** - There is a distinct shift away from observation and toward participation in many markets. There has been an associated growth in small business formation to offer specific tourism experiences that are hands on and participatory. The Alberta mountain region offers such experiences.

- ***Cultural Tourism, Ecotourism, Aboriginal Tourism*** - Related to the growth in experiential and environmental tourism is the growing interest in these three areas of tourism. Again the mountain region of Alberta offers outdoor adventure, ecotourism and heritage in the same region.

2.5 Mountain Region Demand Forecast

Determining the appropriate demand growth forecasts to apply in the face of the turbulence which has occurred in markets over the past 12 months is very difficult. This is additionally difficult if we are looking ten or more years forward, as we must do to consider demand for new accommodation development.

A summary of the range of estimates of overall growth will give us context:

- WTO forecasts growth in international travel of 4.1% per annum to the year 2020. While international growth declined to 1.3% in 2001, it was actually growing at 3% prior to September 11th. The Americas dropped a dramatic 24% in 2001. WTO expects growth to resume its forecast track by fourth quarter 2002.

- The Conference Board of Canada projects Alberta economic growth at 3.2% for the remainder of the decade.

- CTRI is forecasting foreseeable travel growth of under 2% for Alberta in 2002 over the 2000 "benchmark year".
- Alberta Economic Development foresees domestic growth at about 4%, U.S. growth at a stabilized 1.5% - 2.0% and international tourism growth at 4.5% by the year 2005.
- The Strategic Tourism Marketing Council (STMC) and Travel Alberta, in their 2002 - 2005 strategic marketing plan are *targeting* overall tourism growth of 3.1% compounded annually over this period.

Based on this range of growth estimates for tourism, we have prepared three growth scenarios as the basis for forecasting hotel demand.

2.5.1 Scenario 1: Slow (2%) Growth

An average annual demand growth scenario of 2% between 2000 and 2015 was prepared as the minimum growth scenario in terms of accommodation demand in the mountain region. This scenario assumes that it will take two seasons for the American market to recover, and that growth will remain steady but below the growth level of the Alberta economy through 2015.

This scenario is set below the growth forecast for the Americas by the WTO, and assumes the present mix of 60% American and 40% overseas markets continues in Alberta. With this mix, and the slow growth anticipated in American visitation after 2002, the international visits to the Rockies will grow slowly.

In order for it to occur, our traditional visitation from America, hovering between 800,000 annual visits and one million annual visits for 15 years, would need to grow on an annual basis. The scenario assumes, however, that the Government of Alberta does not aggressively step forward to facilitate growth, and that the existing policy environment does not change dramatically.

2.5.2 Scenario 2: Moderate (3%) Growth

Average annual demand grows by 3.2% between 2001 and 2015 in this scenario.

While this scenario is below WTO projections of long term growth in international arrivals for the Americas, it remains slightly below the Conference Board estimates for Alberta's long term economic growth. The tourism visitation growth is positioned on growing prosperity and in-migration to Alberta, and a strong economy throughout the period.

This scenario assumes some proactive response from government in terms of releasing crown land for development, supporting community development and promoting mountain region destinations.

2.5.3 Scenario 3: High (4%) Growth Scenario

At 4% per annum for the period 2001 - 2015, this scenario matches the global forecast of WTO growth in international arrivals, and exceeds their estimate of America's growth to 2020. It also exceeds the Conference Board forecast of long term growth for Alberta.

A high growth scenario of this nature assumes active involvement of government in destination area development and marketing. It assumes proactive identification of areas of development, removal of obstacles to development, and strong international promotion of new development areas. It assumes development scale and density similar to other mountain communities, and that these developments are positioned for global markets. Finally, it assumes that Alberta remains open to international investment and development of these communities.

2.6 Mountain Region Seasonality

Seasonality in the mountain region is severe. Even in a major destination such as Banff, high season occupancy of close to 100% gives way to November occupancies of 40% and less. This is a result of two related factors:

- A destination that has high appeal for international markets. These markets want to see the destination predominantly in its best season which for most is the summer months. This is also when much of the market is available to travel.

- A small regional population. Alberta still has a very small population in relation to the destination region offering represented by our mountains. Other mountain communities, such as Whistler and Tremblant in Canada, have a much larger population within a two-hour drive of the destination. This exacerbates seasonality.

Over the coming 15 years, Alberta's population will grow. However, it will not grow sufficiently to offset the dramatic seasonality we experience. There are a number of assumptions underlying all three scenarios in relation to seasonality:

- High season pricing in the Rockies, combined with the capping of room supply, serves to push market to the shoulder seasons. This will also have the effect of driving Albertans to other mountain destinations in which they can afford to spend their time in the high season. The Canadian Rockies could essentially become a place for the wealthy in the high season, but open to others the rest of the year. This pattern is evident in the National Park communities today, and has likely spurred the development of Canmore and Hinton.

- The aging baby boom population in Alberta and regionally will increase three and four season demand, for the retired and semi-retired will be offered affordable travel packages in the early shoulder seasons.

- Technologies increasingly support the ability to work from any location, increasing the propensity for people to work from healthy lifestyle locations.

- Second home purchases, tourist homes and real estate developments by international companies increase three and four season use in regions. This supports the local service sector, thus keeping the community "open for business" and for tourism.

- Changing views of schooling reduce the amplitude of the school/holiday pattern and increase shoulder season demand.

2.7 Estimating Room Demand

Three scenarios are applied to room supply in the mountain communities in this section. It was necessary in this case to determine the working definition of "full occupancy" for the accommodations in the National Parks.

2.7.1 Meaning of "Full Occupancy"

Factoring for seasonal variations, full occupancy was determined to be the occupancy level at which the private sector would add a property to the region. In the Canadian Rockies, a figure of 65% was considered appropriate, after consulting with the development and franchising community. Essentially these respondents indicated that in a resort setting sufficient income could be made at 65% occupancy that other developers would enter the market. In support of this proposition, developers offered that a great deal of development occurred in Canmore when Banff was operating the in 65% annualized range, and this development continued while Banff grew to almost 77% occupancy.

By using a figure of 65%, the National Parks communities do not "spill over" in terms of demand until they have reached a level of 65% occupancy. Rather than assume that once Banff is "full", the market would gravitate to Jasper, we have estimated the demand for each community and the year in which it will reach capacity.

By running the demand scenarios out to 2015, an estimate of the number of rooms required was developed.

2.8 The Selected Scenario

Each growth scenario was run so that we could look at the outcomes. Consultations were held with government and industry representatives about a reasonable growth forecast for tourism over such a long period of time.

The growth scenario selected for this approach, based on these discussions, was 3.2% over the period of assessment. This 3.2% compounded growth rate was then run in the growth model, with a "full occupancy" assumption of 65%.

3.0 MOUNTAIN REGION ACCOMMODATION ASSESSMENT

3.1 Introduction

In Section 3.0 the existing supply and key characteristics of mountain region fixed roof accommodation is assessed. A brief overview of the supply situation in British Columbia is also provided.

3.2 Accommodation Trends for Mountain Regions

Several accommodation trends are relevant to the mountain region products.

3.2.1 Planned Mountain Communities of Increasing Market Interest

The market is gravitating to carefully planned mountain communities. Real estate values in Whistler are perhaps the best Canadian example, where average prices are astronomical and demand is global.

Respondents have said that the key to success in the mountain environment is to have a planned village, access to water as well as snow, and a large variety of outdoor and indoor activities, including events.

3.2.2 Fractional Ownership

An increasing interest in fractional ownership as opposed to time-share ownership is evident, particularly in the higher end mountain housing developments. The recent (March 2002) selling out, in five hours, of the fractional ownership shares in the new Four Seasons Resort at Whistler, with pricing between $300,000 and $2.3 million is a dramatic example of this trend.

Fractional ownership opens the market to North America and overseas, because owners do not have to worry about management of their property. The property retains and gains value because it is not let on a commercial basis in most cases.

Fractional ownership helps maintain high real estate prices in destination areas by opening high end properties to broader ownership pools.

3.2.3 Mountain Lodges and Inns

A good portion of the market seeks smaller accommodations in unique lodges and inns set in spectacular geography. These markets will pay a high price for quality accommodations and service in these settings. In some settings, ecolodges are commanding higher prices and booking customers before other accommodations.

As the baby boomers age, it is anticipated that demand by the soft adventure component of this market will grow significantly. This market seeks active outdoor recreation by day, comfort and sometimes pampering by night, in a pristine natural environment. Locations in or near resort destinations are most desirable.

3.2.4 Resort Destination Conversions

Creating an entirely new mountain resort has become such a costly exercise that investors are generally avoiding this approach. Rather they are acquiring existing resorts and upgrading them to four season destinations.

Mountain resort development of a large scale, according to the development community interviewed, is preferable within two hours of an airport, on or near major water contact areas, in the mountains, and on the ski hill if the resort is a ski resort.

3.2.5 Strong Competition Anticipated

There is clearly strong competition for the mountain resort customer in western Canada. The new and expanded developments are outlined in a later section. Supply has expanded dramatically in the past five years, and shows no signs of abating significantly.

While the western Canadian market is very important, demand for world quality mountain resorts is global.

3.3 Accommodation Supply and Demand - Alberta's Mountain National Parks

3.3.1 Supply Assessment

The mountain accommodation supply in Alberta's National Parks - Jasper, Banff, Lake Louise, and Waterton Lakes National Parks - comprises 84 properties and 8,045 rooms located in four communities. These figures include Outlying Commercial Accommodations (OCA's) that are hotels, motels or lodges that compete in the overnight accommodation sector. While Kananaskis Country is not within the National Parks, we have included its four properties and 475 rooms as mountain community rooms because they compete in the same marketplace as the National Park communities.

The average number of rooms per property is an indicator of the type and service levels of the accommodation available. Waterton Lakes, with an average room size of 37.5 rooms, reflects the motel developments and small hotels that are characteristic of that destination. Lake Louise, on the other hand, has an average property size of 122.4 rooms. The overall average property size is 96.4 rooms for the entire study region, a figure that is a great deal larger than the average in most of the communities being considered in this report.

EXHIBIT 2: MOUNTAIN NATIONAL PARK ACCOMMODATION SUPPLY, 2001						
	Jasper	*Banff*	*Lake Louise*	*Kananaskis Country*	*Waterton*	*TOTAL*
No. of Properties	22	42	9	4	11	**88**
No. of Rooms	2,200	4,331	1,102	475	412	**8,520**
Avg. Rooms/Property	100.0	103.1	122.4	118.8	37.5	**96.4**
No. Available Room Nights	803,000	1,580,815	402,230	173,375	76,220	**3,035,640**
Percent Total Available Room Nights	26.5%	52.1%	13.3%	5.7%	2.5%	**100%**
Additional Rooms Permitted (Max)	24	250	50	0	16	**340**

Source: Western Management Consultants and Urban Systems Ltd. Research

These properties collectively offer over 3.0 million room nights of accommodation annually. The breakdown of these room nights is illuminating. Banff accounts for just over 52% of supply alone, and Banff and Lake Louise together account for 65.4% of supply. Jasper accounts for just under 27%, while Waterton accounts for 2.5% of mountain region supply. Again, the OCAs are accounted for in these measures, and the three properties on the Icefields Parkway are included in the Banff data.

Average property sizes are also instructive. All areas but Waterton Lakes have properties that on average have 100 or more rooms, indicating mid/full service hotel accommodation. Waterton Lakes, with an average size of 37.5 rooms, reflects the motel dominance and lack of full service properties in its mix. The range in Waterton Lakes runs from a 17 room motel to the 86 room Prince of Wales hotel.

3.3.2 Demand Assessment

The demand assessment for the mountain communities relies on data supplied by hospitality consulting organizations, personal interviews and published material. These data represent an approximation of the actual results that may be found in these communities.

EXHIBIT 3: MOUNTAIN NATIONAL PARK ACCOMMODATION DEMAND, 2001						
	Jasper	*Banff*	*Lake Louise*	*K Country*	*Waterton*	*TOTAL*
Annual Occupancy Rate (%)	60.0%	63.0%	63.0%	60.0%	55.0%	**61.8%**
Occupied Room Nights	481,800	995,913	453,405	104,025	41,921	**1,877,064**
Average Daily Rate (ADR)	$180.00	$195.00	$190.00	$153.00	$140.00	**$186.92**
Gross Room Revenue ($M)	$86.72	$194.20	$48.15	$15.92	$5.87	**$350.86**
Market Share (%Revenue)	24.7%	55.4%	13.7%	4.5%	1.7%	**100%**

Source: Western Management Consultants and Urban Systems Ltd. Research

Average occupancy across the parks is 61.8%. Waterton Lakes occupancy is based on a 185 day average season, as many of the properties are closed in the winter months. The exception is the Kilmorey Lodge, open all year, and the Waterton Lakes Lodge, open 10 months last year.

The demand as identified implies a total occupied room level of 1.88 million room nights in 2001.

The average daily rate (ADR) across all mountain communities is estimated to be $186.92 in 2001. Estimates of average room rates vary from $195 to $140 for mountain park areas. Personal interviews have supplemented our information to arrive at the identified ADR.

Banff and Lake Louise account for a slightly higher share of revenue than they do of rooms, because of their higher room rates. Total revenue generated by accommodations in 2001, based on this demand assessment, was almost $351 million.

3.4 Community-Based Accommodation Supply and Demand

3.4.1 Community Accommodation Supply

The ten communities along the eastern slopes of Alberta's Rockies accounted for a supply of a total 103 hotel/motel properties with an average property size of 29.6 rooms. This average room supply suggests that the majority of properties are limited service hotels and motels. This was confirmed in the community visits.

EXHIBIT 4: COMMUNITY FIXED ROOF ACCOMMODATION SUPPLY

	Hinton	*Gr. Cache*	*Rocky Mtn. House*	*Canmore*	*Bragg Creek*	*Turner Valley*	*Crows nest*	*Pincher Creek*	*Fort Macleod*	*Cardston*	*Total*
No. of Properties	20	6	11	38	1	1	9	7	8	2	**103**
No. of Rooms	833	250	359	1,803	3	26	171	196	117	83	**3,841**
Avg. Rooms/ Property	41.7	41.7	32.6	47.4	3.0	26.0	19.0	28.0	14.6	41.5	**29.6**
No. Available Room Nights	304,045	91,250	131,035	658,095	1,095	9,490	62,415	71,540	42,705	30,295	**1,401,965**
% Total Available Room Nights	21.7%	6.5%	9.3%	46.9%	0.1%	0.7%	4.5%	5.1%	3.0%	2.2%	**100%**

Source: Western Management Consultants and Urban Systems Ltd. Research

The supply table above also illustrates the range of property sizes offered. Canmore, Hinton and Grande Cache offer the largest properties. However, their average sizes are still about one third that of the mountain communities. Again this illustrates the predominance of limited service hotel and motel properties in these communities.

Collectively these 103 properties offer 1.4 million room nights of accommodation to the market. Canmore represents 46.9% of this supply, while Hinton accounts for 21.7% of the total room supply.

3.4.2 Community Accommodation Demand

Demand at the community level amounts to some 792,443 room nights, for an average occupancy of around 55%.

EXHIBIT 5: COMMUNITY FIXED ROOF ACCOMMODATION DEMAND, 2001

	Hinton	*Grande Cache*	*Rocky Mtn. House*	*Canmore*	*Bragg Creek*	*Turner Valley*	*Crows nest*	*Pincher Creek*	*Fort Macleod*	*Cardston*	*Total*
Annual Occupancy Rate	61.9%	50.0%	60.0%	55.0%	50.0%	50.0%	60.0%	50.0%	50.0%	60.0%	**54.7%**
No. of Occupied Room Nights	188,204	45,625	78,621	361,952	548	4,745	37,449	35m770	21,353	18,177	**792,443**
Annual Average Daily Rate	$68.75	$50.00	$65.00	$82.85	$60.00	$45.00	$45.00	$50.00	$40.00	$60.00	**$56.66**
Gross Room Revenue ($M)	$12.94	$2.28	$5.11	$29.99	$32.85	$0.214	$1.69	$1.79	$0.854	$1.09	**$55.98**
Market Share (% Revenue)	23.1%	4.1%	9.1%	53.6%	0.1%	0.4%	3.0%	3.2%	1.5%	1.9%	**100%**

Source: Western Management Consultants and Urban Systems Ltd. Research

The average rate of $56 is well below the mountain communities rate, even after accounting for the higher average rates in Canmore.

The total room revenue estimate for the 103 properties in these communities is $56 million, well shy of the $351 million estimated for 88 properties in the mountain communities. This simply underlines the international demand and appeal of Alberta's Canadian Rockies and the demand and supply dynamic now operating in the mountain communities. Areas outside the mountain communities, even areas like Canmore that are right in the mountains, command a far lower average rate than those directly within the mountain communities.

3.5 British Columbia Accommodation Supply

In forecasting the supply of fixed roof accommodation, the existing and rumored fixed roof accommodation supply of communities in British Columbia, that are in proximity to the National Parks, were also examined. The B.C. communities all have experienced significant growth in tourism within the last five years and currently have, or have the potential to have, properties that will be in direct competition with both the National Park communities and the Alberta gateway communities. The B.C. co mmunities that were examined include:

- City of Fernie;
- District of Invermere;
- Village of Radium Hot Springs;
- Town of Golden; and
- Town of Valemount.

Associated with each of these communities are destination resorts, some of which are well established and currently consider Alberta as a significant market. All of the existing resorts have expansion plans, with the exception of one outside of Valemount which is currently in the planning stages. The following is a description of each B.C. community, the resort associated with each, and the number of rooms existing or planned in each.

3.5.1 City of Fernie

The City of Fernie is currently going through a transition from a resource based economy (i.e., coal mining) to a broader based local economy with tourism playing a significant role.

Key to this transition is the development of Fernie Alpine Resort, a regional ski resort located twenty minutes from the downtown. Although the resort has experienced some financial difficulties in the last eighteen months, all indications are that the resort has been re-capitalized and is now in a position to implement its 1997 Master Plan which will add to the City's reputation as a tourist destination.

Currently, the City of Fernie and Fernie Alpine Resort have 940 rooms and have another 340 rooms planned.

3.5.2 District of Invermere

Invermere sits on Lake Windermere and has long been a summer destination for many southern Albertans. Coupled with the District's attraction as a summer destination, is the development of the Panorama Resort located thirty minutes from Invermere.

At the present time, Invermere and Panorama Resort have 650 rooms. Another 340 rooms are planned in the District while the resort has the capacity to accommodate another 352 rooms for a total of 692 additional rooms.

3.5.3 Village of Radium Hot Springs

Located just outside the National Parks, the Village of Radium Hot Springs has an economy based on forestry and the summer tourist trade. The inventory of rooms in Radium has been unchanged for a number of years but in 1998 the Prestige Inn, an 87 room hotel, was constructed. More recently, three motels adjacent to the Village, but in the National Park, were removed. With this activity, the number of rooms in Radium stands at 759. In addition, Radium

Resort, a golf resort located ten minutes from the Village, has a 118 room hotel for a total of 877 rooms.

At the present time there are no new rooms planned but there is a proposal to develop another resort north of the Village. Included in plans, which have recently been postponed, are 450 additional rooms.

3.5.4 Town of Golden

Located on the TransCanada Highway, Golden is a service center for rubber tired traffic. The fixed roof accommodation inventory has increased in Golden and area from 580 rooms in 1990 to 1,605 at the present time.

In 1999, the local ski hill was purchased by European interests who have carried out significant on hill improvements (e.g., lifts, day lodge, etc.) over the last three years. At present, there is no fixed roof accommodation on the ski hill.

Based on discussions with Town representatives, and a review of the Master Plan for the ski resort, there are an additional 180 rooms planned within the Town and another 450 rooms planned at the resort. The total planned rooms for Golden and surrounding area is therefore 630 additional rooms.

3.5.5 Town of Valemount

Valemount has also experienced significant tourist related growth over the last few years. Increasingly, it is serving as a jumping off point for the North Thompson Valley and Jasper National Park.

At the present time there are 470 rooms in Valemount and a 70 room Ramada planned. In addition, there is a major resort planned east of the Town which is to include a wide range of mountain activities centered on a gondola. At the present time it is in the planning stages but there is no indication if there will be accommodation in the resort, and if there is, how many rooms.

3.5.6 Summary of Competitive B.C. Accommodation Supply

The following summarizes the existing and planned supply of rooms in B.C. communities and adjacent resorts that have the potential to benefit from any capping of rooms in the National Parks in both Alberta and B.C.

EXHIBIT 6:			
Community	***Existing Rooms***	***Planned Rooms***	***Total***
Fernie	940	340	1,280
Invermere	650	692	1,342
Radium Hot Springs	877	--	877
Golden	1,605	630	2,235
Valemount	470	70	540
TOTAL	**4,542**	**1,732**	**6,274**

Source: Western Management Consultants and Urban Systems Ltd. Research

The figures above do not account for the significant mountain market development occurring in the interior of British Columbia. Big White is a growing ski destination with on-hill accommodation. Silver Star, recently purchased by the Big White ownership, will also experience on-hill expansion. Sun Peaks, near Kamloops is developing as a major mountain destination with significant on-hill accommodation and ownership options. All these destinations will compete for the mountain markets, with offerings including the full range from fractional ownership real estate options, full lot or condo purchase, time-share ownership, vacation ownership, and overnight hotel/resort accommodations.

3.6 Forecasting Demand "Spillover"

The forecast of demand "spillover" is based on the following assumptions:

- The *average* annual growth rate in rooms demanded remains at 3.2% throughout the forecast period.
- The base year, 2002 is assumed to have the same level of rooms demanded as 2001.
- This growth rate remains proportional across all National Park communities in Alberta's Rockies - each community has demand growth at the 3.2% level over the period.
- The point at which new supply will be constructed by the private sector occurs when a 65% average annual occupancy rate occurs in the mountain park communities.
- Demand spills over entirely to the Alberta side of the Rockies during the forecast period.
- Prices, which are a key factor in creating the spillover and the interest in building new product, maintain their relative positions in a broad sense over the forecast period.
- No major events occur that would significantly impact market interest in the mountain environment.
- All "spillover" demand is captured on the Alberta side of the Canadian Rockies, and does not go to another country or to the province of British Columbia.

- Tourism marketing of Alberta remains competitive with other jurisdictions throughout the forecast period.

While all of the assumptions identified above will not apply during the forecast period, they affect the room-nights demanded so that the maximum rooms demanded in Alberta are implied. Therefore, by using this growth rate and the group of assumptions, the maximum number of new hotel rooms required to respond to the anticipated growth is forecast. By varying assumptions, a smaller number of hotels and room-nights demanded will be implied.

The forecasting method is based on three steps:

- Calculate increased total demand in each year, from the occupied room based estimate for 2001.
- Estimate the total capacity room nights available based on the "build out" estimates for each mountain community.
- Estimate the number of rooms that will "spill over", with 65% average occupancy as the trigger rate to create the spillover, and calculate the number of 100 room properties required at each of 2005, 2010 and 2015.

This simple forecasting approach does not account for a variety of factors that one might wish to account for if the estimate were a short term one. However, this estimate is focused on the longer term, and in such a case this simple approach, estimating the implications of a growth in rooms demanded, is considered a reasonable approach.

3.6.1 Total Rooms Demanded in the Mountain Park Communities

The total rooms demanded in each of the mountain communities is illustrated for 2005, 2010 and 2015 based on the occupied room nights evident in 2002, with 2002 demand assumed to be equal to that of 2001.

EXHIBIT 7: ESTIMATE OF TOTAL DEMAND FOR OCCUPIED ROOMS, MOUNTAIN COMMUNITIES, 2005 - 2015, BASED ON 3.2% GROWTH RATE (THOUSANDS OF ROOM NIGHTS)

Year	*Jasper*	*Banff*	*Lake Louise*	*K Country*	*Waterton*	*TOTAL*
Base: 2002	481.8	995.9	253.4	104.0	41.9	1,877.1
2005	529.5	1,094.6	278.5	114.3	46.1	2,063.1
2010	619.9	1,281.3	326.0	133.8	53.9	2,415.0
2015	725.6	1,499.9	381.6	156.7	63.1	2,826.9

Source: Western Management Consultants and Urban Systems Ltd. Research

Total demand is anticipated to grow by 186,000 room nights, or 9.9% between 2002 and 2005. Demand growth from 2002 - 2010 is anticipated to be 537,900 room nights, or 28.7%. Finally, demand in 2015 for mountain experiences is anticipated to be 50.6% above the 2002 level, or a total of 949,800 additional total room nights.

3.6.2 Capacity Room Nights Available in Mountain Park Communities

The second major aspect of forecast is to calculate the "build out" capacities in room nights for the existing mountain park communities. This information was provided by Parks Canada and community planners for these communities.

EXHIBIT 8: CAPACITY ROOM NIGHTS AVAILABLE IN MOUNTAIN PARK COMMUNITIES

	Jasper	*Banff*	*Lake Louise*	*K Country*	*Waterton*	*TOTAL*
Capacity (No. of Rooms)	2,224	4,581	1,152	475	428	8,860
Room Night Capacity ('000)	811.8	1,672.1	420.5	173.4	79.2	3,156.9
Share of Mtn. Supply (%)	25.7%	53.0%	13.3%	5.5%	2.5%	100%

Source: Western Management Consultants and Urban Systems Ltd. Research

At capacity the market share of Banff will increase slightly from its share of supply today - from 52.1% today to 53.0% at build out. Jasper's share will increase slightly, while the share Lake Louise has of the total will decrease slightly. None of these changes are of great significance.

3.6.3 Forecast of "Spillover" Room Demand

The third step in the process is to forecast the rooms demanded in each community based on the "spillover" concept. This concept suggests that at 65% occupancy in these mountain settings, the hotel development community will want to build more properties to address the demand. Since these properties cannot be built in the mountain park communities, demand will "spill over" to nearby communities or those that offer a mountain experience of similar quality.

Based on the 3.2% growth rate, and spillover after 65% occupancy, the demand in each community was calculated.

EXHIBIT 9: SPILLOVER" DEMAND ESTIMATES, 2005 - 2015, ROOM NIGHTS AND PROPERTIES*

	Jasper	*Banff*	*L Louise*	*K Country*	*Waterton*	*TOTAL*
Room Nights 2005	1,905	7,771	5,207	1,641	0	16,523
Properties, 2005	0.025	0.213	0.143	0.045	0	0.426
Room Nights, 2010	92,231	194,482	52,714	21,143	2,468	363,039
Properties, 2010	2.53	5.33	1.44	0.58	0.07	9.95
Room Nights, 2015	197,965	413,042	108,326	43,972	11,668	774,972
Properties, 2015	5.42	11.32	2.97	1.21	0.32	21.24

Source: Western Management Consultants and Urban Systems Ltd. Research

**Refers to number of 100 room properties operating 365 days a year that would be required to satisfy the demand.*

This table suggests that the entire "spillover" demand from all mountain communities by 2005 will justify the construction of less than half a 100 room property, or 43 rooms. This assessment does not account specifically for the lower room demand in Canmore today, or for the capacity of Hinton to accommodate demand. It is more likely that these communities would absorb this demand without the building of any new properties in the mountain communities in the short run.

By 2010, about ten new 100 room properties are needed, based on this approach. Banff and Lake Louise demand "spillover" accounts for 6.7 (670 rooms) of these properties, while spillover from Jasper justifies 2.5 properties, or 150 rooms.

In the final year of the forecast, 2015, there are 21 hotels required by this demand, with Banff/ Lake Louise together generating demand for 14.3 properties, Jasper for 5.4 properties and Waterton for less than one property (i.e., 32 rooms).

This forecast assumes that all the mountain spillover demand will go to Alberta. There are some 4,542 existing and 1,732 planned rooms in the five B.C. mountain communities reviewed in this study, for a total supply of 6,274 rooms on the other side of the Rockies. These destinations will, of course, compete for the mountain market. Albertans as well as international visitors may seek the mountain experience in B.C. It is also reasonable to assume that some of the international market who want to see Alberta's Canadian Rockies will choose an alternative international destination if they determine that they cannot come to Banff/Lake Louise when they want.

By assuming that all demand goes to the Alberta side of the Canadian Rockies, we are therefore providing *a maximum estimate* of the new hotels demanded to 2015. If we assume that Alberta does not capture all of the spillover demand, our forecast of properties demanded will decrease accordingly. If we assume, for example, that only half the demand will be captured in Alberta, we will require only five properties by 2010 and ten by 2015 as a result of mountain demand.

While it is not necessarily accurate to think that demand "spilling over" from the Banff/Lake Louise area would necessarily wish to remain in that area for a mountain experience, the tourism amenities and services in place in the community of Canmore would suggest that this is the most likely location in Alberta to service that particular demand.

While this forecast is made in relation to "new rooms" required, it does not preclude other changes in supply. In fact, one can expect changes in brands, property renovations and room realignments as the hotel sector adjusts to changing demand over time.

The forecast also does not speak directly to the creation of a new destination area that would capture entirely new demand for activities or experiences. This more strategic approach to destination development is addressed in Section 5.0.

4.0 MOUNTAIN REGION COMMUNITIES

4.1 Introduction

This section addresses the existing situation in each of the mountain region communities the team assessed. Comments are made about the role of each community and its potential in relation to this assignment.

It is important to understand the limited nature of this review. While a general assessment of each community is made, its potential in relation only to the "mountain market" is addressed in this assignment. This limited perspective does not comment on the community as a whole, but rather its stage of development in relation to this mountain market.

These reviews are based on a review of plans, bylaw studies in the communities, interviews with community representatives and economic development professionals, a survey of community accommodation properties, and a telephone survey of developers in the community.

4.2 Grande Cache

4.2.1 Overview

Grande Cache is located just over one hour (140 km) north of Hinton on Highway #40 - The Bighorn Highway - between Hinton and Grande Prairie. A resource based community with a population of approximately 4,500, the town is located at 1,200 meters elevation in the very lap of the Canadian Rockies. The northeast corner of Wilmore Wilderness Park lies immediately southwest of the community. The Smoky and Sulphur rivers merge just below Grande Cache.

4.2.2 Community Roles

Grande Cache was founded as a "New Town" in 1969 to support the McIntyre Mines export coal mining operation. While coal mining has come and gone over the years, Grande Cache functions today as a centre for mining, forestry, oil and gas, and institutional industry.

A large Weyerhauser mill located south of the community employs over 350 people and is a major supplier to Japan. The oil and gas sector is very strong, with findings of large gas supplies in the region. The minimum-security penitentiary has about 200 inmates and 150 employees, although it could double its present employment as it was designed for maximum security. Coal mining is returning, with a proposal for an open pit and underground operation that would create 250 jobs in the community.

Finally, Grande Cache has made a concerted effort to attract seniors to the community through an offer of low rent housing. Some 400 - 450 seniors have responded, and the seniors association has now grown from 60 members to 250 members. As a result, the town is experiencing low vacancy rates for rental properties and steadily increasing housing prices.

4.2.3 Tourism Roles

Tourism is also a growing sector in the Grande Cache economy, and the community has positioned itself as the "gateway to outdoor adventure" and offers tourists the opportunity to "Escape into Wilderness". Mountain trails, wild rivers, fishing lakes and some 12 adventure operators provide the tourism product to deliver on the promise.

A recent study of the adventure tourism potential of Grande Cache concludes that "Overall, Grande Cache meets the criteria of a viable adventure/extreme adventure destination". The study noted that there are a variety of existing operators and that some 51% of customers for these operations are from North America or overseas. (Kalahari Management Inc., 2001).

Another recent study identified the potential of the "dinosaur tracks" in the area (Strategy Plus, 2001). There are several thousand dinosaur tracks visible on rock faces in 18 sites, some of which are accessible and have tourism potential. This offers the potential for guided, controlled access interpretation staged from the visitor centre.

The community built a Tourism Visitor Centre that is the "hub" for tourism in the community. It functions as a visitor information centre, museum/ interpretive centre, and meeting venue, and carries a rocky mountain theme to its design.

Grande Cache has put itself "on the map" as an extreme adventure destination by creating the "Death Race" series. The original race, a 125 kilometre, three mountain extreme event, now in its third year drew over 400 competitors and international television coverage. Some 800 competitors are expected this year. The "Death Ride" is a 3-day extreme mountain bike competition that is expected to attract 240 competitors in the coming season. Finally a snowshoe extreme race, with 40 or more competitors occurs in early January.

These events are targeted at creating international coverage and positioning for Grande Cache, in addition to attracting competitors and some spectators.

Issues in tourism development in Grande Cache include:

- Lack of destination awareness;
- Potential conflicts between users and other industry; and
- Accommodation capacity and quality appropriate for some of these markets.

The Tourism Development and Retiree Attraction Strategy: Implementation Plan for Grande Cache (Ference Weicker & Company, 2000) provided the town with a strategy to go forward as a tourism destination. It underlines the clear intention of the community to position itself for tourism. It also recognizes that this will be a very long-term process for Grande Cache and that concerted effort over time will be needed to accomplish this end.

4.2.4 Accommodation Supply

4.2.4.1 Existing Supply

- Six hotel/motel properties in Grande Cache offer some 250 rooms, all less than three star accommodation.
- There are two Bed and Breakfast accommodations listed in the area, totaling four rooms.
- Occupancy in the community appears to be between 45% and 50% on an annual basis. Average Daily Rates (ADR) ranges from $55 to $60.
- The primary markets for Grande Cache are the crew and business markets to the community. Occupancies in mid winter are reported to be in the order of 100%, with summer tourists beginning to be a factor in occupancy.

4.2.4.2 Rumoured Supply

There are no specific plans in place for new properties in the Grande Cache area. However, there are rumours of possible development activities by existing hotels, and of the possibility of a new 60 room property coming to the community.

4.2.4.3 Potential Supply

Through its plans and bylaws, Grande Cache can offer a great deal of land for accommodation development. One site in particular, abutting the Visitor Centre, could offer some 15 acres or more for development. This would be ideally located, on a major highway, and with a view to the mountains.

4.2.4.4 Other Supply

There are two Bed and Breakfast operators existing, and 2 - 3 new operators are rumoured to be starting up. In the area there are rustic camp accommodations, tent camp operators and other rustic operations. However, there are no three star or better accommodations in the area.

4.2.5 Market Mix

The apparent market mix in Grande Cache is as follows:

EXHIBIT 10: MARKET MIX - GRANDE CACHE	
Market Segment	***Percent***
Work Crews	60% - 70%
Business Travel - Individual	5% - 10%
Convention and Meetings	0% - 5%
Leisure - Individual	10% - 15%
Leisure - Group Travel	0% - 5%
Personal Business/Other	5% - 15%

Source: Western Management Consultants Research

While hotel operators say that the predominance of work crew business does not detract from individual leisure travel business, in resource communities it is very common to find the leisure traveler unable to book accommodation because crew/business has occupied the rooms.

4.2.6 Mountain Market Potential

Grande Cache has great long term potential as a mountain market destination. It will grow toward this potential through concerted marketing and product development efforts over the coming few decades. It will attract destination adventure visitors who want to get away to a wilderness setting yet stay in comfortable accommodation. Over time, and with some significant attraction development, it could attract the mountain "touring" market.

In the short term, Grande Cache is not expected to attract the core group of the mountain "spillover" market that now visits Banff, Jasper and Waterton. These visitors would not replace the Jasper experience with the rustic setting of Grande Cache and the independent adventure offering of Grande Cache. Grande Cache visitors are more likely to be Albertans finding an alternative adventure location in the short run. In the longer term, with the impact of the Death Race and other events, Grande Cache could become an alternative adventure destination for travel markets from around the world.

4.3 Town of Hinton

4.3.1 Overview

Hinton is a resource-based community located on Highway #16, 287 kilometres west of Edmonton and 77 kilometres east of Jasper National Park. It has a population of approximately 11,000 and a trading area of over 35,000 people. Founded as a construction site in the early 1900's, Hinton has prospered as a forestry centre since 1955 and as the service community for major coal operations.

4.3.2 Community Roles

The forestry industry has been the most important economic driver in Hinton since the Weldwood Pulp Mill was located there in 1955. Forestry suppliers account for a good deal of hotel demand, and the shut down of the plant in the spring each year completely books all rooms in the community.

Coal mining is also an important sector for Hinton, with three major operations near the community. These mines are reaching the end of their life span, and the loss in employment threatens the economic base of Hinton. The Cheviot mine proposal, recently stalled by a court challenge on environmental grounds, offered hope for continued employment in this sector. This recent Supreme Court decision holding up the Cheviot Mine has been a challenge for the economy in the community.

Oil and gas operations in the area are very strong, and the room demand occurs all year except for a three-week period during spring breakup.

The major employers in Hinton are the Weldwood Pulp Mill, Obed Mountain Coal, Cardinal River Coal, HI-ATHA Sawmill, the Environment Training Centre, and all three levels of government.

Hinton has just completed a number of community development, architectural theming and enhancement studies. If implemented, these studies will increase the appeal of the community significantly. The first conversion under these studies has been to the tourism information centre which now carries a "mountain lodge" look and feel.

4.3.3 Tourism Roles

Hinton has clearly developed as one of the "spillover" locations during the summer high season for Jasper tourist visitors to spend the night. The Hinton properties are reportedly often fully occupied during the summer weekends, and a number of properties (four) are now owned partly or largely by offshore investors.

The location of Hinton near Jasper National Park is fortunate and supplies the park visitors with alternative rooms for the few months of the high season. However, these hotels survive and prosper based on their year round role as accommodations for business tourists.

Hinton is to a smaller extent the jumping off point for leisure travellers interested in outdoor adventure activities. It provides nearby access to the south Willmore Wilderness Park area, and there are many relatively unknown outdoor adventure areas near the community. "Adventure in Accessible Isolation" is the marketing tag line Hinton uses, highlighting the many activities available in the region.

Area attractions include the outdoor adventure activities in the region, ATV tours, the Emerson Hoodoos, Brule Sand Dunes, and the Cadomin Caves (the Caves are not presently open to the public). Events include the local rodeo, Derby Days and Canada Day. The Foothills Model Forest is both a conservation project and a tourist attraction in the region. The model forest documents the value of forestry to the region, highlights conservation activities, and demonstrates the forest industry to visitors.

4.3.4 Accommodation Supply

4.3.4.1 Existing Supply

Hinton offers 833 hotel/motel rooms in 20 properties. These ranges from full service mid-scale flagged accommodations to small motel accommodations. According to provincial data, the room supply in Hinton has grown by 64% since 1996 per the following table.

EXHIBIT 11: HOTEL/MOTEL DATA FOR HINTON, 1996 - 2002

Year	*No. Properties*	*No. Rooms*	*Avg. Rooms*	*Occupancy*
2002	20	833	41.7	60%(e)
1999	18	742	41.2	61.9%
1998	17	718	42.2	60.8%
1997	17	676	39.8	N/A
1996	12	507	42.3	63.6%

Source: Alberta Economic Development, Alberta Hotel Association (1996-1999)
Western Management Consultants Research (2002)

A number of properties have been renovated in the past few years, and new branded hotels have entered the market including Best Western, Ramada and Holiday Inn Express. The community is clearly of interest to franchisers and has the interest of hotel developers.

4.3.4.2 Rumoured Supply

It is rumoured that one property may be doubled in size in the near future, and that a second, 50 room property is possible. One property may be converted and branded this year.

Maximum new supply in the short run is expected to be 50 rooms. The strong growth of the past six years is not expected to recur in the coming five of six years, as demand/supply will have to stabilize.

The Alberta government has identified nine "nodes" for tourism development in the vicinity of Highway #16 in the Hinton area. These nodes offer opportunities for tourism development including accommodation. While each node has a slightly different reason for its creation, they are all focused on tourism development by the private sector.

An area structure plan has been prepared for the Cougar Rock area (Urban Systems, 2000) in Yellowhead County. This area is located on either side of the Jasper/Hinton airport access road located about 10 km west of Hinton. The area looks over the Rockies and offers wilderness trail development at the edge of the Willmore Wilderness Area. This plan envisions a "signature hotel" (100 rooms), a number of lodge accommodations, cabin development, and unique commercial tent/teepee accommodation development located around a commercial/public core area.

It is not known whether development of this area is imminent, but it is expected that development would occur over a longer period of time (i.e., ten years) for such a large site.

4.3.4.3 Potential Supply

Hinton, through its Municipal Development Plan, encourages the development of fixed roof accommodation and clearly indicates that the Town will ensure that there is an adequate supply of appropriately located areas that could accommodate additional supply. This policy flows through to Hinton Land Use Bylaw which permits hotels and motels in many of its commercial district. Finally, the community representative indicated, through the questionnaire completed as part of this project, that there are no issues that would prohibit further growth of accommodation in Hinton.

4.3.4.4 Other Supply

In addition to the hotel/motel supply in Hinton, the immediate area offers a range of guest ranch, Bed and Breakfast, ecolodge and mountain lodge operations with rooms. These properties add approximately 50 rooms to the area supply. These are largely focused on the leisure tourism market, and are positioned for the soft adventure traveler as well as the markets looking for a relaxing retreat.

4.3.5 Market Mix

The latest market mix data for Hinton, from 1999, suggests the following mix:

EXHIBIT 12: MARKET MIX, HINTON, SELECTED YEARS, PERCENTAGE

Category	*1996*	*1998*	*1999*
Industrial Crews	27.1%	29.2%	34.0%
Business Travel	15.4%	21.0%	11.6%
Individual Tourists	27.8%	31.2%	34.5%
Tour Groups	11.5%	11.1%	11.4%
Convention	2.2%	3.4%	0.9%
Other	16.0%	4.1%	7.5%

Source: Alberta Economic Development

As Exhibit 12 illustrates, leisure tourism accounts for between 40% and 46% (individual tourists and tour groups) of the market mix throughout the period. This underlines the role of Hinton as a jumping off point to Jasper, and suggests that the process of "spillover" has already occurred and is continuing. Whether Jasper accommodation facilities are at capacity, or the prices are high for some of the market, Hinton serves a role as a leisure tourism community. The recent involvement of Korean interests in four Hinton properties attests to the belief that Hinton offers a credible alternative to Jasper accommodation. Increasingly coach tours are stopping overnight in Hinton as an alternative to Jasper. However, without the strong industrial business, the dramatic seasonality of the leisure market would make this proposition in Hinton not feasible. It is the combination of markets that make these hotels possible.

4.3.6 Mountain Market Potential

Those visitors that are bound for the National Park will continue to find accommodation in Hinton as the markets "spill over". However, the Hinton area can also serve those mountain markets that want to experience the Canadian Rockies in a resort adventure setting.

The Cougar Rock area offers a location and development opportunity to service this market. A "resort community" at Cougar Rock can provide a variety of commercial accommodation alternatives while offering access to the National Park and to the Willmore Wilderness Area. Hinton would, of course, remain the service centre for this commercial development.

4.4 Town of Rocky Mountain House

4.4.1 Overview

Its history dating back to the fur trade era and founded initially as a trading post in 1799, Rocky Mountain House is today a thriving community service centre for the oil and gas and forestry activities of the surrounding area. With a population of some 6,400 people, Rocky Mountain House grew at 6% in recent years, with some 165 housing starts and an average price of about $140,000.

4.4.2 Community Roles

Oil and gas activity accounts for a good part of the local economy in the area, while forestry activity accounts for an additional strong share of the economy. Of the base sectors in the economy, oil and gas account for some 600 jobs, while construction is second with 265 jobs. Forestry employment accounts for some 160 jobs.

4.4.3 Tourism Roles

Rocky Mountain House is the largest community located within eastern access to the central Alberta Rockies. These large protected areas include the Whitegoat, Siffleur and other

wilderness areas as well as the Saskatchewan River Crossing access to Jasper and Banff National Parks. Rocky Mountain House uses the tag line "Where Adventure Begins" to support its role as the access community to this region.

Attractions in the area include the following:

EXHIBIT 13: ROCKY MOUNTAIN HOUSE AREA ATTRACTIONS

Attraction	*Visitation*	*Location*
Rocky Mountain House National Historic Site	10,000	Ten minutes west of Rocky Mountain House on the North Saskatchewan River
Nordegg Mine Site	14,000	One hour west.
Rocky Museum	10,000	In Rocky Mountain House
Rocky Mountain House Visitor Centre	17,000	In Rocky Mountain House

Source: Town of Rocky Mountain House, Personal Interviews

Events in Rocky Mountain House are largely regional in focus, including a professional rodeo, Derbys, a mountain bike competition, and the Crimson Lake Park Day.

The community promotes the area for all types of travellers, positioning itself as the access point to experience the west country.

4.4.4 Accommodation Supply

4.4.4.1 Existing Supply

Rocky Mountain House has eleven hotel properties which collectively account for 359 rooms. Properties vary in size from the 66 room Tamarack to the 19 room Chinook Inn. The average property size is 32.6 rooms. One property recently converted to a brand, becoming a Holiday Inn Express.

4.4.4.2 Rumoured Supply

A 60 room Super 8 motel is under construction at the east end of town now, and will open for the summer season 2002, bringing the community supply to 419 rooms.

4.4.4.3 Potential Supply

Fixed roof accommodation in Rocky Mountain House is primarily located adjacent to Highway #11. The Municipal Development Plan identifies land adjacent to the highway in recognition of this existing development and provides additional land for future highway oriented development including hotels and motels. In addition, the MDP identifies the downtown as an area that could see some redevelopment and expansion to permit additional hotel/motel development.

The Town also has a number of Area Structure Plans that provide further evidence and detail on the availability of land for future hotel/motel development. The East Area Structure Plan, South End Area Structure Plan and the North Area Structure Plan all contain policies that encourage hotel/motel development.

4.4.4.4 Other Supply

The area around Rocky Mountain House offers a variety of experiences, and operators have created guest ranches, lodges and bed and breakfast properties to address demand. Twelve commercial properties have been identified, accounting for 89 rooms in total. However, a number of these "rooms" are cabins that will accommodate a family. This supply does not include non-commercial operations located in the area. There are four of these operations which together can accommodate a large number of visitors.

In addition to rooms available in the area around Rocky Mountain House, there is a potential new supply source in the David Thompson Development Nodes within the M.D. of Clearwater. The White Lakes Development Node has an approved plan in place. Development could accommodate some 100 rooms if built out.

Nordegg, named recently as a National Historic Site, also has the potential to develop for leisure tourism. The Municipal District is developing and selling country residential lots nearby, and the evolution of development plans for the community continue.

4.4.5 Market Mix

The market mix for Rocky Mountain House could not be determined, as information was not provided by the hotels. However, it is evident that crews and the business market account for half or more of the rooms demanded (60% - 70%), with personal business accounting for 15% - 20% or more, and leaving leisure tourism in the range of 25% of total business. The leisure tourism business virtually all comes during the summer period, according to hoteliers in the area.

4.4.6 Mountain Market Potential

Rocky Mountain House is busy as a service centre for sectors other than tourism. It will grow on the basis of these economies, and not primarily on the basis of leisure tourism growth. Rocky Mountain House will continue to attract and service markets for outdoor activities in its immediate area, and it will remain the economic service centre for the tourists that travel to the west country.

The opportunity for mountain tourism market development in this region lies west of Rocky Mountain House and near to the Rockies. The nodal development plans, if executed, will provide accommodations and services in an area near to the trails and mountain environments

that the mountain markets wish to experience. It is assumed that some of these developments will handle the small group travel demand that is evident in major international markets.

Albertans can be expected to be the high users of this area initially, with national and international markets discovering these sites in the longer term. There will be exceptions to this observation, with a lodge positioning entirely for the international market and doing little local business.

We envision no new properties in Rocky Mountain House specifically addressing the mountain demand, within the period of this forecast. Rocky Mountain House will absorb the new Super 8 rooms, and other properties will upgrade and possibly brand their properties, based on the strong economy of the community in sectors other than the tourism oriented mountain market.

4.5 Town of Canmore

4.5.1 Overview

In recent years one of the fastest growing communities in Canada, Canmore has evolved as a resort community in the Canadian Rockies. It is developed as an accommodation alternative to Banff, and has attracted a large number of branded properties since 1990. While the community has attempted to limit the rate of growth, there are large tracts of land approved for development in the area, and the growth of the community as a mountain destination in its own right is a strong possibility.

Canmore's history, however, comes from a different era. It was named in 1884 by Donald Smith, the railway baron, as a whistle stop on the CPR line. In 1886 Queen Victoria granted a coal charter, and Canmore's No. 1 mine was opened in 1887.

For almost 100 years, Canmore was a coal mining town and its population grew very slowly if at all. In 1965 it was officially made a town in Alberta. By 1979 when the Canmore mine closed for the last time, the population was 3,000.

The Olympics breathed new hope into the community, as the Canmore Nordic Centre was constructed in anticipation of the 1980 Olympics. The town grew rapidly thereafter as a resort/bedroom community. Today the population approaches 11,000.

4.5.2 Community/Tourism Roles

Canmore is a resort community today. Of the 10,843 people in the community, 2,273 are not permanent residents. The growth rate of non-permanent residents has exceeded the resident growth by a factor of three for the past few years, as the chart following illustrates.

EXHIBIT 14: CANMORE GROWTH PROFILE, 1998 - 2001				
Year	***Permanent Population***	***Percent Growth***	***Non-Permanent Population***	***Percent Growth***
1998	9,711	7.7%	1,613	9.9%
1999	10,239	5.4%	1,763	9.3%
2000	10,517	2.7%	1,955	10.9%
2001	10,843	3.1%	2,273	16.3%

Source: Canmore Census, 2001

The chart also refers to the fact that 21% of the population of the community is non-resident, a characteristic common among resort communities. Of the working population, about 5% work at home, 58% in Canmore, 20% in Banff, and 4.3% work in Calgary.

The labour profile supports the tourism fundamentals of the community. The largest proportion of the employed labour force, 21% of the total, works in accommodation or food and beverage. Over 16% work in personal services, while almost 11% work in construction. These areas are likely all related to the resort growth of the community.

Over the past few years the downtown area of Canmore has improved visually, and services for the tourist sector are evident. Seasonality remains an issue, and operators find the low seasons very difficult. Canmore is yet a "spillover" community of Banff, and when occupancy and rates are low, as they have been in Banff these past two years, Canmore suffers.

Approximately 900,000 people visit Canmore annually.

The attractions that make Canmore a tourism destination are all around the community - the mountains. Specifically people come for Banff National Park, Kananaskis Country, the Canmore Nordic Centre, and the golf courses of the area.

Canmore events of note include the Winter Festival, the Ice Climbing Festival, The Children's Festival, International Folk Music Festival, Highland Games, and Festival of the Eagles. Many of these festivals are already or could be developed as national/international events.

4.5.3 Accommodation Supply

4.5.3.1 Existing Supply

Records show that Canmore presently has 38 hotel and motel properties accounting for 1,803 rooms. The average size of property is 47.4 rooms.

The number of flagged properties in Canmore is evidence of its competitive position as a destination and gateway to the Rockies:

- Canmore Regency Suites;
- Days Inn Canmore;
- Sheraton Four Points Canmore;
- Howard Johnson Hotel;
- Mariott Residence Inn;
- Best Western Pocaterra Inn; and
- Radisson Hotel and Conference Center.

Occupancy in Canmore has dropped in the past year, as Banff accommodations have reduced their prices to attract more rubber tire market in the wake of the September 11th tragedy. This has reduced demand for Canmore rooms, as they are not as big a saving over Banff rates at the present time.

Canmore occupancy in the past few years has been tracked by Alberta Economic Development and is summarized below:

EXHIBIT 15: ROOM SUPPLY AND OCCUPANCY, CANMORE, 1996 - 2001

Year	*No. Properties*	*No. Rooms*	*Avg. Rooms*	*Occupancy*
2001	38	1,803	47.4	55%(e)
1999	27	1,425	52.8	61.6%
1998	26	1,399	53.8	59.4%
1997	27	1,431	53.0	62.0%
1996	24	1,071	44.6	63.8%

Source: Alberta Economic Development, Town of Canmore, Western Management Consultants Research

While 2001 reflects a difficult and unusual year globally, it does appear that markets are returning to travel. Canada may be in a position to book more U.S. business than has been the case in the past. If this happens, Canmore's occupancy could rebound to the 60% level in 2002.

4.5.3.2 Rumoured Supply

The latest development in Canmore accommodation, the Windtower Mountain Lodge, opened 48 rooms in 2001. It will open an additional 122 rooms in 2002, as these are presently under final fit up, for a total of 170 rooms.

Canmore Crossing will open 58 rooms in 2002, and the Lodges, Phase I is approved to build 62 rooms in the near term and another 90-100 rooms are planned at Silvertip in the medium term.

4.5.3.3 Potential Supply

Canmore has taken an aggressive approach to ensuring it has an adequate supply of land to accommodate future hotel/motel/resort development. Key to its future as a resort community will be the development of two areas of the community: SilverTip and Three Sisters Mountain Village. Each are comprehensively planned resort communities that include substantial fixed roof accommodation.

Canmore recently adopted the SilverTip Area Structure Plan which identifies an 18 hectare resort village. Contained within this village are to be 1,290 rooms within nine properties. The development of the first hotel property is scheduled to commence construction in the fall of 2002 or the spring of 2003. The exact number of rooms for this facility is not known but expected to be in the range of 90 to 100 rooms.

The development of Three Sisters Mountain Village is addressed by a Master Plan which provides a detailed analysis of the property and identifies the ultimate development scenario for the resort.

A key component in the development of Three Sisters is the inclusion of hotels, largely within the village core. The Master Plan indicates that there will be 1,320 hotel rooms within the village core and an additional 180 rooms on two sites outside the village core.

Through discussions with staff at Three Sisters, there will be additional overnight accommodation and are identified as "timeshare" and "condo" in the Master Plan. These account for an additional 1,117 units in the village core and 1,165 units outside the village core, located throughout the balance of the project.

When considering all forms of overnight accommodation (i.e., hotel, timeshares and condo) Three Sisters has the potential to supply the following:

➢	Hotel rooms	1,500	rooms
➢	Timeshare	600	units
➢	Condo	1,682	units
➢	**Total**	**3,782**	**rooms/units**

Based on discussions with Three Sisters development staff, they do not anticipate constructing any hotels until 2007 or 2008. Timeshare and condo development has commenced and will continue over the development timeframe of the resort.

In addition to SilverTip and Three Sisters Mountain Village, the Town's Municipal Development Plan identifies other areas which could accommodate hotel/motel development. These areas include lands adjacent to, or in close proximity of, the TransCanada Highway and the downtown

core. The identification of these areas is consistent with the Town's overall objective of continuing to promote Canmore as a resort community.

Based on the review of existing plans and bylaws, Canmore is well positioned to absorb a substantial amount of fixed roof accommodation. It has large amounts of vacant land, which are currently or easily serviced and earmarked for hotel/motel/resort development. When considering Silvertip and Three Sisters alone, Canmore has the ability to accommodate over 5,000 rooms/units. This could be further expanded by development within the highway corridor and the downtown.

4.5.3.4 Other Supply

The bed and breakfast sector is strong in Canmore. Some 66 properties representing an estimated 174 rooms have been identified. While these rooms are often not opened on a year round basis, they add to supply and offer a different experience for the Canmore visitor.

4.5.4 Market Mix

The market mix for Canmore has been captured in past work by Alberta Economic Development as:

EXHIBIT 16: MARKET MIX, CANMORE, SELECTED YEARS, PERCENTAGE

Category	*1996*	*1998*	*1999*
Industrial Crews	5.4%	8.2%	4.5%
Business Travel	3.6%	6.5%	5.3%
Individual Tourists	40.1%	52.6%	38.1%
Tour Groups	37.2%	26.6%	42.0%
Convention	10.1%	1.3%	4.7%
Other	3.6%	4.8%	5.5%

Source: Alberta Economic Development

Canmore is clearly a group tour location, based on this data. In the final year, over 40% of business came as group business. Leisure tourism accounted for 80.1% of all business by 1999.

The patterns today will not likely differ greatly from those of 1999. Group business may have fallen off somewhat, but the percentage of individual travel will have increased. No other dramatic changes are evident in this market.

Clearly the market mix in the Canmore area is focused on the mountain markets that are being addressed here.

4.5.5 Mountain Market Potential

Canmore is poised to benefit the most from the mountain market spillover. We believe that Canmore will accommodate 75% of the Alberta spillover from Banff/Lake Louise during the period to 2015, provided the following assumptions apply:

- Day use restrictions are not placed on Banff to the extent that day visitation from Canmore cannot occur.
- Council does not restrict commercial accommodation growth to such an extent that supply has to go elsewhere.
- The resort/village concepts approved in Canmore are able to develop during the period.

The trend toward tourist home development (i.e., rental suites in private homes), evident in Canmore, will build tourism supply over time, will increase word of mouth advertising, and will provide a relief valve in terms of supply over the next decade or more that will allow Canmore to handle major events or short term rapid growth in demand.

4.6 Hamlet of Bragg Creek

4.6.1 Overview

The Hamlet of Bragg Creek is a small community located on the banks of the Elbow River and at the doorstep of the east access to Kananaskis Country. Only 20 minutes from Calgary, it is a community of ex-urban commuters and artisans who prefer to live away from the bustle of city living.

Bragg Creek is a community with a special ambiance. Situated in the conifer forest, the community has narrow streets lined with tall timber, unique houses in many places, and a compact commercial area.

Based on discussions with community representatives, the citizens of Bragg Creek, while embracing positive developments in their Hamlet, will not support wholesale commercial development of their community.

4.6.2 Community Roles

There is no industrial base in Bragg Creek. It has a commercial core characterized by retail shops targeting the day visitors and serving the local population. It is in a beautiful setting, has ambiance as a community, and is located within commuting distance of Calgary.

4.6.3 Tourism Roles

Bragg Creek is a tourism and lifestyle community, and suffers the effects of the dramatic seasonality of a summer destination.

Calgarians and their friends and family visit Bragg Creek on day trips during the high season. Visitors to Kananaskis Country's eastern reaches stop in the commercial area on their way to and from K Country. In winter, cross-country skiers and downhill skiers from nearby Wintergreen Ski Resort stop in Bragg Creek.

The community has 70 - 80 commercial facilities, but its business community lists 250 businesses. This is testament to the number of people who work from home offices in the area or maintain a local home office as well as Calgary offices. The Chamber of Commerce has 65 members.

Dramatic seasonal variations cause issues for commercial operators in Bragg Creek. During the summer the community is full of tourists and parking, vehicle circulation, and congestion are issues. Large contingents of motorcycle owners from Calgary make "day runs" to Bragg Creek each weekend. While they are welcomed by businesses in the community (they are mostly dentists and doctors!), some residents resent the noise.

Visitors from Calgary come in on mountain bikes and road bikes, usually in-groups. Efforts now are toward development of a bike trail system between Calgary and Bragg Creek.

The major tourism attraction is the rocky mountain environment around Bragg Creek. Hikers, campers, bikers, and other outdoor recreationists join the day tripper market from Calgary to make Bragg Creek a very busy venue during the summer. Wintergreen and opportunities in Kananaskis Country create the winter market. The major attraction in the fall is the community itself, while the mid-winter (January/February) is the lowest period.

4.6.4 Accommodation Supply

4.6.4.1 Existing Supply

There are no commercial fixed roof accommodations (hotels/motels) in Bragg Creek. There is one chalet development comprising three A-frame chalets behind the steakhouse. However, we understand these are used to service guests who choose to stay over, and are not sold as commercial accommodation. For the purpose of this project, we have allocated them as hotel rooms for Bragg Creek, however.

Wintergreen is now selling 80-120 lots at the ski/golf resort. While these lots are being sold to individual buyers, they may convert to tourism use.

4.6.4.2 Rumoured Supply

There are no hotel/motel properties rumoured in the community. There would be interest from developers. However, the area structure plan has frozen all new development until the water and sewer situation in Bragg Creek is resolved. This issue is addressed in the following section.

Wintergreen has applied to build a 35 unit motel property at the mountain.

4.6.4.3 Potential Supply

As noted earlier, the Hamlet of Bragg Creek Area Structure Plan (ASP) contains policies that prohibit the development of hotels/motels in the community. The rationale used in the ASP is that currently the Hamlet has serious problems with a contaminated ground water supply. Existing businesses have water trucked in because the problem has reached the point where water from existing wells is not suitable for drinking.

Presently, the Municipal District of Rocky View and the Hamlet residents are working towards a solution that would see a community water and sewage system installed. If the problem can be solved, there may be an opportunity for some fixed roof accommodation development. However, a review of the existing ASP will be required and a fundamental shift in policy with respect to fixed roof accommodation development will be needed.

Also to be considered is the fact the Tsuu T'ina First Nation has land adjacent to the Hamlet. On a portion of this land, the Band has developed Redwood Meadows, a residential/golf course community. Although there are no current plans, the potential exists that if there is a demand for hotel/motel development, and it cannot locate in the Hamlet, it could go onto the Tsuu T'ina land.

4.6.4.4 Other Supply

Bed and breakfast properties should be an ideal development type in Bragg Creek and area, especially since so many houses are unique log or architecturally interesting buildings. In fact, the bed and breakfast supply has declined in the past few years, from 11 properties to 6 - 8 properties. There are about 27 bed and breakfast rooms in the area, hardly enough to satisfy the market demand that could be realized just from the Calgary overnight market.

4.6.5 Market Mix

The market mix at existing bed and breakfast and Wintergreen accommodations is entirely individual tourists. There is virtually no travel trade market to this community, no coach stopover market and no small group bookings.

4.6.6 Mountain Market Potential

Bragg Creek has immense potential, in the view of the consulting group, as a gateway to outdoor recreation and soft adventure tourism in a rocky mountain setting. Its proximity to a major city, combined with its "isolation", ambiance, and character, drive this observation.

Having potential, however, is a double-edged sword. The character of the community is guarded by residents, and fixed roof accommodation development will not be accepted without conditions. The fact that all development has been frozen until the water and sewer issues are resolved has meant that Bragg Creek does not have to face the demand/supply question as a community just yet. However, this will come.

Bragg Creek as a community would not entertain a flagged property with a specific footprint. It would rather welcome a unique property, architecturally designed to fit into the community, and using materials that are appropriate to the character of the community. It would be a smaller property but with full services.

The kind of unique development anticipated might be like those found in the Relais & Chateaux chain or in Alberta through the Charming Inns brand of property. Unique properties operating within a brand name, as in the case of these two chains, may be acceptable to the community. However, independent properties with the same ambiance would also be acceptable.

If the Tsuu T'ina people decide to develop a serviced fixed roof accommodation development in the area, Bragg Creek should work closely to help realize the goal of preserving the character of the area.

4.7 Longview

The community of Longview was contacted and the consultants were advised that the community was not a factor in fixed roof accommodation in the mountain region, and as such, the community was not included in the assessment.

4.8 Turner Valley

4.8.1 Overview

Ranching in the Diamond Valley area began around 1890, and the many towns in the area served the ranching community. However, the fame of Turner Valley came a few years later.

Turner Valley is credited as the birthplace of the oil and gas industry in Alberta. With the blowing in of the Dingman Discovery well in 1914, the growth of Alberta's "wildcat" reputation was centered in this area. In the mid-30's, the community gained fame from the moniker "Hell's Half Acre", as the gas discovery created another boom of wildcatters and risk-takers seeking

fame. The reputation of Alberta as a land of independent, risk-taking people was built, in part, on the history in both ranching and oil and gas development found in Turner Valley.

4.8.2 Community Roles

An agricultural service centre, a community of growing interest to artisans, and a commuter centre for some Calgary region residents, Turner Valley has a population of just over 1500 people.

Industrial employment is in oil and gas, agriculture, forestry, manufacturing and construction. Service industries include retail and government services. Accommodation and food and beverage employment are far down the list of employment in Turner Valley.

Turner Valley has grown in recent years, with 63 new housing units developed and subdivision interest strongly indicated. This development is focused on the Calgary commuter market.

Potable water availability is a key issue in the community, as there is no seasonal storage for supply purposes. This is a limitation on future development in the community.

4.8.3 Tourism Roles

Turner Valley is a relatively "undiscovered" community from a mountain point of view. It now experiences day visitors from Calgary, and pass through traffic on Highway #22. With the marketing efforts of Trail of the Great Bear and the Cowboy Trail, the town has experienced some increase in summer traffic. In the winter, there is little visitation, no overnight stays by the leisure market, and few enquiries.

The major attraction in Turner Valley is the gas plant, constructed in 1936 and now a National Historic Site. An attraction development plan saw $5 million from Alberta, but no Federal investment. As a result it has not reached its potential in terms of visitation or community spin-off development.

Turner Valley communications indicate that this community is the jumping off point to outdoor activities in the mountains to the west. However, there is little evidence of this role in the community today.

4.8.4 Accommodation Supply

4.8.4.1 Existing Supply

The available sources list one hotel in Turner Valley, the 26 room Turner Valley Hotel. While two other properties are listed on the web site, they appear to be longer-term stay properties not available to the tourism market.

No response was received to the survey, so we are not aware of occupancy or average daily rate for this property.

4.8.4.2 Rumoured Supply

One motel property has been rumoured in Turner Valley. However, it is having difficulty proceeding because of access issues.

4.8.4.3 Potential Supply

Turner Valley does not have a recent Municipal Development Plan and relies on its existing Land Use Bylaw (LUB) to manage development. Within the LUB both central business and highway commercial districts list hotels and motels as discretionary uses. Based on discussion with the Town, there is a number of serviced, vacant parcels which could accommodate a new hotel/motel.

However, and as noted earlier, with the recent lack of moisture in the area, the Town has started to experience water shortages due to low flows in the Sheep River. The Town is currently considering increasing its raw water storage capacity to address this issue.

4.8.4.4 Other Supply

No additional bed and breakfast, guest ranch or lodge operations are listed in conjunction with Turner Valley, although there may be such operations in the surrounding counties.

4.8.5 Market Mix

While the market mix is not available from data, observations at the hotel would suggest the mix comprises 70% crew and business users, 15% personal business use, and 15% tourism and "other" uses. These ratios would be typical of communities operating in the roles described above.

4.8.6 Mountain Market Potential

Turner Valley is not well-positioned in the short run to serve mountain markets. Over time it could play a role for the Cowboy Trail markets by becoming a minor stopping point for interpretation/history experience. This would require the development and improvement of the interpretive experience at the gas plant to the level of a nationally significant interpretive facility. Federal and Provincial investment will be needed to realize such a goal.

The role of Turner Valley as a service centre for the region and an oil and gas centre will continue into the next decade. Its location may then make it more desirable as a retirement

community near a major city. This role may in turn increase its tourism appeal. However, we anticipate this evolution to require twenty years or more.

4.9 Crowsnest Pass

4.9.1 Overview

The Municipality of Crowsnest Pass was formed from the amalgamation of the Crowsnest Valley communities in 1979. Its history, and its fame was sealed, however, in 1903 when the side of Turtle Mountain came down into the valley in seconds in the Frank Slide disaster. Wiping out 100 homes in the town of Frank, the slide killed an estimated 70 people and ended the life of the community of Frank.

The coal mining history of the Crowsnest Pass are is still evident in the Frank Slide Interpretive Centre, the Bellevue Mine attraction, and in the continuing ecomuseum efforts of the community.

But Crowsnest Pass is also becoming a tourism destination in its own right, and the community is working hard toward this end.

4.9.2 Community Roles

Historically a mining town, Crowsnest Pass in 2001 had a population of 6,262, down 1.5% since 1996. Employment is still significantly in mining, but with growing employment in retail trade, manufacturing, construction and service industries. Accommodation and food and beverage is the eighth largest employer in the Pass. The community lists its economic base as "tourism and recreation (40%), coal mining (18%), with lumber, and oil and gas mineral extraction and gas processing ranking 3rd, 4th and 5th respectively as economic sectors.

Crowsnest Pass trades significantly on its location, some 270 km southwest of Calgary and 144 km west of Lethbridge, it is also about 60 km east of Fernie, British Columbia. It sits in the very heart of the Canadian Rockies and is located in one of the very few areas of Alberta's Rockies that does not come within a National or Provincial Park or Protected Area.

4.9.3 Tourism Roles

The location of Crowsnest Pass, within an accessible mountain region, has been the key to its tourism role. Crowsnest has become the strongest snowmobile destination in Alberta and is host to thousands of snowmobile enthusiasts annually. This is evident on winter weekends in its hotels, and daily by observing the number and variety of snow machine retail, repair and storage businesses in the community.

Its position in snowmobiling is evidenced by its winning ratings in Snowriders West (Fall, 2001) magazine, the third year the Pass has won the most popular destination in the West. Here are its awards:

➢ Most popular area in the West	Platinum
➢ Favourite Area in Alberta	Platinum
➢ Favourite Area for Family Riding	Platinum
➢ Favourite Mountain Riding Area	Platinum
➢ Favourite Scenic Snowmobiling area	Gold
➢ Favourite Powder Riding	Silver
➢ Most Challenging Area	Silver
➢ Area you Would Like Most... in the Future	Bronze

These awards suggest that Crowsnest Pass is at the top of this industry segment and gets over 20,000 visitors annually, but other destinations are working hard to catch up. Crowsnest area has 1,200 kilometres of groomed trails maintained by a volunteer corp from the community using two grooming machines. Three shelters are also maintained in the area. Crowsnest is just beginning to package long haul snowmobile trips for overseas markets, and is partnered with a Quebec company to target international snowmobile markets.

Crowsnest Pass offers a wide range of summer outdoor adventure opportunities including hiking, mountain biking, quad trails, wildlife viewing, and many other mountain related activities. There are 900 campsites within a 50 km radius of the Pass. It is world famous among fishing markets as one of the best golden trout areas in the world, and it hosts guided fishing enthusiasts from around the world each summer.

The heritage assets of the Crowsnest are being developed slowly over the years. The Frank Slide Interpretive Centre (87,000 visits), Leitch Collieries (10,000 visits), the Bellevue Mine site (15,000 visits), Crowsnest Museum (3,000 visits), the Crowsnest Ecomuseum and the Crowsnest Heritage Initiative have all been created as partnerships of local people and Provincial agencies. The Bellevue mine, when fully operational in 2002 is expected to attract 100,000 person-visits annually. The "downtown" area of Coleman was also recently named a National Historic Site.

The outdoor adventure and the coal mining themes have not yet become clearly evident in the design and development of this community, except in a few cases. Recent restaurant development (Pick's) has used local materials and mining themes to feature its restaurant and pub.

Other Crowsnest attractions include Pass Powder Keg Ski Hill (11,000 visits), and the golf course (30,000 rounds).

While Crowsnest Pass has little in the way of convention market at this time, it offers the municipally-owned Crowsnest Centre as a venue for meetings. This facility, the former hospital, can seat 400 theatre style or 250 for meals, has a full kitchen, breakout rooms and offers 32 bedrooms. It is a non-profit operation and is working with a community mandate. Its rooms are offered to Elderhostel and other groups, but are offered to the public only as overflow when the community is full. While the private sector has offered to purchase the facility and develop a conference/meeting centre, the Municipality has not been interested in considering these types of proposals.

Area events include many local and regional events such as rodeo, bonspiels, homecomings and smaller events. However, Crowsnest has also been host to larger events:

- Crow Snow Riders Poker Run - 400 riders.
- Rum Runners Day and Thunder in the Valley - 15,000.
- Trans Mountain International Mountain Bike Race - 2,000.
- Alberta Snowmobile Jamboree - twice with over 700 - 800 participants.
- Alberta Winter Games, 1984.
- Alberta Special Winter Games.

The future of Crowsnest Pass is evident in the recently developed, proposed (and rumoured) developments in the area. The private sector appears to be looking to this area as an emerging mountain community that presents investment opportunities:

- Popieles Restaurant, for example, developed by international visitors who became immigrants, was voted the best in southern Alberta.
- Riverside Estates will include senior's housing, retirement homes, a recreation centre, and possibly a hotel.
- A 130 site KOA RV Park will be built in 2002.
- The recently completed Tecumseh Mountain Lodge is booking overseas visitors through international travel wholesalers.
- Three quarter sections of land have been acquired for eventual mountain-oriented development.
- People with agricultural leases are selling the rights to recreation users for a profit.

How soon, and whether Crowsnest Pass develops as a tourism destination will depend in part on the supportive role of tourism agencies and government. There are few issues identified by the community:

- Agricultural leases are being purchased by environmental organizations, who are caveating the land so it cannot be used for motorized tourism.

- The threat of a National/Provincial protected area designation has stalled development due to the uncertainty. In recent days the Provincial government announced that it would not pursue this matter, removing the uncertainty at least for the present.

- Provincial tourism marketing agencies (Travel Alberta, Parcom, Travel Alberta International) have not supported the marketing of the Pass in international markets or with the travel trade, according to respondents from Crowsnest Pass. These agencies do not recognize Crowsnest Pass as an international destination, according to respondents. As a result, most international sales have occurred through local operators or the community. Recent interest of an international inbound operator may remove this issue for the time.

- The conversion of Crown Land to private use is needed to open development of some of the prime view areas in and near Crowsnest Pass. This act would open up a great deal of area for mountain community development.

- Lack of properties that can handle a full motor coach of tourists is an impediment to the development of the group market. This market would stop in Crowsnest if the appropriate properties were here.

Clearly Crowsnest Pass is at an early stage of mountain community development. It has progressed with support from senior governments with respect to its historical assets over the past decade. It has had some support for its adventure tourism and snowmobiling assets. However, it has not received full destination development support that would be necessary to raise it to international destination area status. The private sector appears to be taking an interest in the area now, and is preparing for the development of the area in the future.

4.9.4 Accommodations Supply

4.9.4.1 Existing Supply

The area has nine hotel/motel facilities that together offer 171 rooms, for an average property size of 19.0 rooms. All properties are less than three star at this time. These small properties are older, and while reasonably well-maintained, they are not similar to mountain properties in other destinations. There is only one branded property, the Best Canadian Motor Inn, an Alberta chain with properties in smaller communities.

There are a number of high quality "lodges" in this area that require a comment. Eckardt's Tecumseh Mountain Lodge is a cabin development located in a pristine mountain setting. It caters to European as well as local clients, and is priced at least double the local average. Goat Mountain Getaway, six individually decorated chalets also caters to the high end customer and

is double the local rates. Crowsnest Mountain Resort is another property offering luxury chalets at twice the average rate locally. These properties have been included as local supply.

Based on a limited response to the survey, we estimate area occupancy to be approximately 50% - 55% annualized, and the average rate to be around $55.

4.9.4.2 Rumoured Supply

There are a number of properties rumoured for the area. These include:

- A hotel at Riverside, the size of which is rumoured to be 84 rooms, but which has been on hold for some years.
- A motel in west Blairmore, located near the Crowsnest Centre and could be positioned for meetings and conventions. It is uncertain whether this property is a serious proposition at this time.
- Expansion of Tecumseh Mountain Lodge to 16 cabins. This is presently tied up in a dispute in the courts, and will not progress until that dispute is resolved.
- A land development in the benchlands above Crowsnest is also possible, although a longer term proposition. This development could offer tourist homes, fractional ownership, and tourist accommodations.

None of this rumoured supply is at a planning stage, and we would therefore discount it for the present purpose.

4.9.4.3 Potential Supply

The Municipality of Crowsnest Pass has adopted a Municipal Development Plan (MDP) and a Land Use Bylaw. Both documents recognize existing fixed roof accommodation development with the MDP containing policies that allow a great deal of flexibility on where future fixed roof accommodation development may occur.

The Municipality's LUB lists hotels and motels as a discretionary use. The relevant districts have been applied to recognize existing uses and, to some extent, properties that could accommodate future fixed roof accommodation development. Based on discussions with local representatives, there is an adequate supply of land in Crowsnest Pass that could accommodate future development.

4.9.4.4 Other Supply

Seven bed and breakfast properties are listed in Crowsnest Pass, ranging from very high-end accommodation to ones with average pricing. Included in this group is the 32 room Crowsnest Centre. The total room supply of this grouping is 50 rooms.

4.9.5 Marketing Mix

There is little hard information to work from in terms of the marketing mix in Crowsnest. While some of the motel properties are clearly positioned for the crew business and will get 80% of their business from that source, the lodges, chalets, and renovated urban properties will have no crew business.

Based on the interviews and research, we would estimate the mix in this community to be 50% crews and business market, 20% group/convention (including sporting events), 25% individual tourist business, and 5% personal business and "other" categories. We assume there is virtually no coach business.

4.9.6 Mountain Market Potential

It is our view that Crowsnest Pass is the community, next to Canmore and Hinton, that is best positioned to respond to the mountain market spilling over from the National Parks. It is in the mountains, close to Waterton National Park, and it offers a full range of active outdoor adventure activities, operators and venue.

We estimate that 10% - 20% of the mountain visits spilling over from Banff/Lake Louise can be captured in Crowsnest. It is important to understand, however, what this means. We believe that Albertans, some western Canadians, and a small segment of international visitors will choose this area instead of Banff as the congestion and the mountain experience in that Park changes. Some will choose this area because it has lower prices, while others will choose it because it is accessible to motorized vehicles.

However, they will not choose it in the kind of volume needed for a major destination area without destination infrastructure, development support, destination themes, and ultimately the establishment of a destination brand. This will take both time and significant investment. The pattern in other mountain destinations is one of slow change until a large private sector interest comes to the community and changes its assets and positioning dramatically. Fernie is the closest example of this pattern, where recent large scale investment is helping to take this area to a new threshold.

The implication of this opportunity is that Crowsnest Pass will get one or more flagged properties of the size to handle coach business, and continuing development of high quality lodges in the foreseeable future.

We have assumed that the public authorities support the community in moving toward this objective.

4.10 Pincher Creek

4.10.1 Overview

Pincher Creek is an agricultural service centre with a 2001 population of 3,666 persons, a figure that is virtually unchanged since 1996 (0.2% growth).

Its history is agriculture, and it dates itself back to the late 1800's when Kootenai Brown roamed the area. It has been a service centre for the 500 ranching and mixed farming operations in the area.

4.10.2 Community Roles

The community role as service centre is focused on three or four major industries:

- Oil and Gas - the natural gas field discovered in the 1950's, and particularly the Shell Gas Plant, are major area employers.
- Agriculture - With 500 operations in the area, Pincher Creek remains an important service centre.
- Wind Energy - There are three major wind projects in the area, the Cowley Ridge Windfarm sporting 52 large wind turbines.
- Tourism - A small but growing aspect of the economy. The Oldman River Dam and Castle Mountain developments have increased area tourism amenities.

The service nature of the community is supported by the 1996 census data. Of the 1,860 in the labour force, only 190 worked in agriculture or resource extraction. Some 250 worked in construction or manufacturing, while 1,415 worked in service industries including government and tourism.

4.10.3 Tourism Roles

Pincher Creek serves as a stopover location for Waterton Park visitors in the high season, and as the accommodation centre for some Castle Mountain skiers in the winter months.

Local attractions include the Kootenai Brown Pioneer Village, the Lebel Mansion Historic Site, the Napi Friendship Centre, Pincher Creek Hutterite Colony, Heritage Acres Museum, and the Three Rivers Rock and Fossil Museum. The community has also been enhanced with murals depicting the history of the community. Also, a rather unique and interesting development of

"silhouettes" - one of a ranching scene and one native scene, are located at the entrance to the community.

The area surrounding Pincher Creek has a great deal to offer. Waterton Lakes National Park is a few minutes south, and the Castle wilderness area to the west offers spectacular scenery and outdoor recreation opportunities. The Oldman Dam to the north provides water contact opportunities, and ranch vacations are available in the region.

Pincher Creek offers a range of community events from heritage days to rodeos to kite festivals. However, the Cowboy Poetry Festival is the one event that attracts publicity and visits from the broader region.

4.10.4 Accommodation Supply

4.10.4.1 Existing Supply

Pincher Creek has seven hotels/motels offering 196 rooms of tourist quality. Average size of property is 28.0 rooms. Two smaller properties are not tourist focused properties.

While information is sparse for the community, the average occupancy is in the 55% - 60% range, while the average daily rate is in the $45 - $55 range.

4.10.4.2 Rumoured Supply

There is no rumoured supply indicated in this community.

4.10.4.3 Potential Supply

The development of fixed roof accommodation in Pincher Creek is managed by the Town's Municipal Development Plan (MDP) and Land Use Bylaw (LUB). Each addresses future fixed roof accommodation development and provides direction on how and where it may occur.

The MDP indicates that the Town's downtown is to remain as the main commercial district with highway commercial areas being developed to support the downtown. Recently, highway commercial development, which includes hotels/motels, have started to locate at the junction of Highway 6 and Secondary Road 507. The MDP encourages this trend to continue.

The Town's LUB, through its list of permitted, discretionary and prohibited uses, gives insight into the future location of fixed roof accommodation. Within the Downtown/Retail Commercial District, hotels are prohibited. The Highway/Drive In Commercial District lists hotels and motels as being permitted while the Comprehensive/Shopping Mall District lists hotels/motels as discretionary.

Based on review of the Town's plans and bylaws, fixed roof accommodation development is being directed outside the downtown, primarily to the highway corridors. Through discussions with Town representatives, there is an adequate supply of serviced/serviceable land in this area.

4.10.4.4 Other Supply

The community lists some 22 guest ranches, lodges, and Bed and Breakfast operations in the area, accounting for an estimated 55 additional rooms. However, some of these operations do not appear in travel literature and are therefore assumed not to be available for tourist accommodation.

4.10.5 Market Mix

Again for this community only sparse information was available on market mix. From this information it appears that the community hotels/motels have the following mix: Crews 50% - 60%; business 10%; leisure 30% - 40%.

Leisure markets are primarily the high season markets, and are still driven largely by the National Park.

4.10.6 Mountain Market Potential

Pincher Creek may come to provide accommodation services for regional markets for the mountains to the west under the following assumptions:

- Castle Mountain develops as a strong alternative resort that attracts the Calgary and regional markets.
- The proposals to expand the protected area in the Castle Wilderness does not go forward.
- The area attractions such as the wind energy industry are developed as tourism attractions.

Castle Mountain is owned by some 30 or more local investors. The principals are developing an Area Structure Plan and a Business Plan at this time, and they have plans for significant development of the mountain. They plan a total of 135 "residential units", 60 rooms of which will be hotel rooms in a lodge. Some 70 multi family units will be built, and 40 - 50 of these will be rented on a nightly basis. About 35 single family units are planned.

The Castle Mountain owners hold 23.5 hectares of development land and have an offer to purchase on an additional 15.4 hectares. The ski area consists of 621 hectares under lease now, with an application for an additional 640 hectares in place at present.

The municipality has, to date, refused to allow subdivision, so all holdings are on a leased basis. This constrains the market for this development. The owners indicate that they would have demand for all lots at this site if they were able to sell the sites/units.

If the Castle Mountain development occurs in a significant way, it would have a positive impact on hotel development in Pincher Creek, as this has occurred in similar mountain settings. However, Castle Mountain will remain a strong local and regional mountain but not a national/international tourism generator in the foreseeable future.

Even with these developments, the dramatic seasonality in the region, combined with the flat growth rate will not attract hotel development readily. Having said this, it is possible that the community will see a conversion of a property to a limited service flag in the foreseeable future.

While Pincher Creek has many assets, it is still not "in the mountains". Communities located in the mountains have greater potential to service the mountain market than does Pincher Creek.

4.11 Fort Macleod

4.11.1 Overview

Steeped in the history of the Northwest Mounted Police, Fort Macleod dates as a community back to 1874 with the establishment of the first NWMP post in the region. Fort Macleod is the oldest town in Alberta and boasts some 30 historic buildings dating back to between the 1890's and 1930s.

The community, at a crossroads of highways, functions today as an agricultural service centre. Its population of 2,990 in 2001 decreased 1.5% since the 1996 census.

4.11.2 Community Roles

Labour force data underlines the role of Fort Macleod as an agricultural service centre. Over 25% of the residents are employed in agriculture, while 33% are involved in business and community services. In addition, there are about 13.6% of the residents involved in the retail/ wholesale business.

Building permit data for 2000 indicates a growth pattern, largely due to residential development. One might expect, therefore, that the population of Fort Macleod will increase in the next few years as these developments sell out.

Core industries include truss manufacturing, metal manufacturing and a trailer making operation. Various agricultural industries are also located in town.

4.11.3 Tourism Roles

Fort Macleod has been an en route attraction for visitors to and through the Alberta South for decades. The major attraction is the Fort, which sees some 45,000 visitors annually. Coach tours are a large part of this market, which move on to other communities to overnight.

The historic buildings of Fort Macleod are also of interest, and visitors spend time in the downtown during visits to the Fort. Fort Macleod was designated in 1984 as the first Provincial Historic Area in the province. The Main Street program initiated in the community has resulted in the renovation of many buildings, dramatic reversals in vacancy rates, and the creation of a unique and historic three block area of main street. This is all supportive of tourism interests.

The Fort Museum does have critics, who feel that it is not authentic and not located in the right place. A community group, the Riders of the Plains, has acquired 27 acres of the original Fort site and has received a Legacy grant for Alberta's Centennial in 2005, in order to recreate the original NWMP barracks on the original site. They plan to reconstruct seven of the original buildings, locate others on site, and provide interpretation of the sites. This site housed 175 Members at one time and is now designated a provincial historic site.

While the major local attraction is the Fort Museum, the community identifies a number of major attractions within easy driving distance. These include:

- Head Smashed In Buffalo Jump;
- Bar U National Historic Site;
- Remington Carriage Museum;
- Fort Whoop Up; and
- Lancaster Bomber Museum.

Community respondents indicated that the trend in urbanization in Alberta would generate two benefits for Fort Macleod:

- A demand for housing as urban dwellers seek the quieter communities near a major city, either as semi retirement communities or as e-business locations.

- Demand for day trips or overnight visits to quaint communities within a few hours of a major city. Fort Macleod will be perfectly positioned for this once the NWMP site is developed and appropriate accommodations are in place.

The tourism role of Fort Macleod today however, apart from the historic market, is as a "pass-through" community for leisure traffic and a stopover site for business. Truckers, sales people, oil and gas crews and other business users stay in Fort Macleod. Leisure travelers on their way to the mountains stay in Fort Macleod during the summer. For the most part these visitors are not pre-booking their rooms, but rather are finding a vacancy and stopping for the night.

4.11.4 Accommodation Supply

4.11.4.1 Existing Supply

Fort Macleod has eight hotel/motel properties with 117 rooms, with an average property size of 14.6 rooms. These are very small properties generally, and some of them are sixty or more years old.

Recent renovations have been made to some properties, although most appear not to have been renovated for some time.

4.11.4.2 Rumoured Supply

While there have been a number of inquiries about hotel development, none have gone forward. The alignment for Highway #2 and #3, and how they will bypass Fort Macleod has not been finalized. While uncertainty exists about their alignment, no accommodation development is likely to occur.

Indecision about this highway alignment is a major issue for Fort Macleod today.

4.11.4.3 Potential Supply

Fort Macleod does not currently have a Municipal Development Plan (MDP) but is starting the process which will result in one being prepared. A key issue in the preparation of the new MDP will be the location of Highway #2 and #3 bypass.

The current Land Use Bylaw (LUB) lists hotels and motels in a number of commercial districts. According to discussions with community representatives, there is an adequate supply of land suitable for fixed roof accommodation development. However, the issue of potential supply will only be clear once the highway bypass is resolved.

4.11.4.4 Other Supply

Three bed and breakfast operations comprising eight rooms have been identified in the community.

4.11.5 Market Mix

Again data is sparse for this community. Based on our research however, the market mix is estimated to be: Crew 30%; business 25%; independent leisure 25%; group travel 5%; personal business and "other" 15%.

4.11.6 Mountain Market Potential

Fort Macleod is not a community positioned for the mountain market. However, it may grow as a result of its historic assets - main street, NWMP restoration, theatre, and Fort Museum. But it will not act as a jumping off community for mountain visitors to any large extent. It will continue to serve a role as an overnight stop for the rubber tire touring markets, as it has done for many years.

4.12 Town of Cardston

4.12.1 Overview

The Town of Cardston was founded in 1887 by Mormon immigrants who made one of the last covered wagon migrations in the West, from Utah to Alberta. It remains a centre for and has a major temple of the Church of the Latter Day Saints.

Today Cardston is a community of 3,475, up 1.7% since the 1996 census. However, the community is changing, as young people move to the city to be replaced by retiring couples.

Cardston remains a service centre for agriculture in the surrounding region, a role it has played for the past 115 years.

4.12.2 Community Roles

As an agricultural service centre, the community serves a trading area of some 15,000 people, 7,600 of whom live on the Blood Reserve to the north of the community. The largest employer is the service sector.

Individual businesses include a cement plant with 12 employees, agricultural supply businesses including welding, small implement dealers and the like.

4.12.3 Tourism Roles

Cardston is located minutes from the U.S. Border, and a half-hour east of Waterton Lakes National Park. It acts as a stopover community for Americans traveling to the Rockies and to Alaska. It does not serve southbound Canadians in the same way.

Major attractions in Cardston include the Remington Carriage Museum, which hosts some 30,000 people a year. This museum has a carriage construction/repair operation, historic coaches from the past, and a design and development that can handle coach traffic as well as individual tourists in reasonably large numbers.

The Temple is another major attraction, although visitors are not permitted inside the facility. Construction of the Temple began in 1913, and remains a striking edifice on top of a hill in view of the Canadian Rockies.

Other attractions in the community include:

- The Courthouse Museum - constructed in 1907;
- Card Pioneer Home - the 1887 structure of Charles O. Card, after whom the community is named;
- Cobblestone Manor - dating to 1889, but created from cobblestone after 1913, a unique structure and restaurant;
- Fay Wray Fountain - commemorating the Hollywood leading lady born just south of Cardston; and
- Museum of Miniatures.

Cardston has a number of community events, including a Heritage week, Derby, and many children's and family events. All of these are focused locally.

While Cardston has many interesting attractions, its appeal as a tourism community is largely for its service function as a stopover. During the summer months, thousands of American tourists crossing the border stop at Cardston, some overnight and others for a few hours.

Visitor centre records show about 11,000 visits in 1997 and 1998 respectively, followed by a drop of 12% to 9,742 in 1999. Based on other locations, this would suggest a total tourism market of over 120,000 visitors a year.

Hotels are full of tourists in the summer months. However, there are few leisure tourists in the other seasons. This dramatic seasonality is a detriment to hotel investment.

Occupancy for the two hotels operating in town is estimated to average between 55% and 60%, and average room rates are $50 - $55. These rates have remained fairly steady over the past few years, with a slight decline in the recent past.

4.12.4 Accommodation Supply

4.12.4.1 Existing Supply

Two properties representing 83 hotel/motel rooms are located in town. One is independent, while the other is a 45 room Super 8. A property was flagged as a Howard Johnson in the past, but it failed to survive and is now closed.

There are an estimated five bed and breakfast establishments, representing 17 rooms in the vicinity.

4.12.4.2 Rumoured Supply

There was no supply rumoured in the community.

4.12.4.3 Potential Supply

Cardston does not have a Municipal Development Plan (MDP) but is currently initiating a process that the Town will follow in the preparation of a new MDP. The Land Use Bylaw (LUB) lists hotels and motels in a number of commercial districts including those applicable to the downtown and adjacent to the Highways #2 and #5.

Based on discussions with Town staff and information included in the community survey, Cardston has a number of serviced lots that are considered suitable for hotel and motel development.

4.12.4.4 Other Supply

Cardston lists five Bed and Breakfast properties with a total supply of seventeen rooms.

4.12.5 Market Mix

The market mix varies widely for the two properties. Our estimate of the average mix is crew/business 40%; business meetings 5%; individual and group tourism 40%; personal business and "other" 15%.

4.12.6 Mountain Market Potential

This community will continue to act as a stopover community for mountain markets. The fact that Waterton will remain predominantly a single season Park will preclude this area from serving large market volumes bound for Waterton in any other season.

The community will not attract the mountain market while other alternatives are available, except on a stopover basis during the high season.

5.0 STRATEGIES FOR ALBERTA

5.1 Introduction

In this section we pursue strategic options for Alberta, based on the feedback received from a variety of sources.

5.2 Development Community Feedback

The consultants conducted a telephone survey of 20 respondents from the hotel community (franchisers, managers) and from hotel developers. While these people varied slightly in their responses, the pattern of their advice was very similar:

- The Alberta Rockies is a strong destination for the mountain product, but it is not so secure that one should think it will spill over high levels of demand elsewhere in Alberta. There are visitors from around the world who want to come to Banff. If they cannot come to Banff, they will not go elsewhere in the Alberta Rockies. Rather, they will go to Whistler, Vail, or other mountain destinations.

- The private sector is already accommodating the excess demand for Jasper and Banff. This is evident in Hinton and Canmore where branded properties, often owned by overseas money, compete for the markets to Jasper and Banff respectively.

- Alberta's Mountain Park communities cannot offer the product that the mountain market is buying today - ownership opportunities in a resort destination offering year round activities, full services and a "reputation". Fractional ownership, on-hill accommodations, easy air access, and "massing" of people to create entertainment venues is what a large part of the mountain market seeks.

- The communities identified cannot "replace" the mountain experience for those markets that spill over from the Rockies. Their product will be different, and it will appeal to different people. It may appeal to Albertans who will find a more affordable outdoor experience than in the other destinations. The international visitor however, bound for Alberta's Rockies, will not be diverted to these other communities or experiences either instead of or on their way to the Rockies.

- There are opportunities in some or all of these communities, but not specifically related to the destination market for Alberta's Rockies.

5.3 Destination Area Development

Several respondents shared the view that if Alberta wished to be competitive in the global mountain market, and if rapid growth was desired, a more strategic approach would be required.

Strategies identified include:

- Identify and foster development of one "icon" mountain destination area that offered:
  - Year round activity possibilities, including water and land based activity;
  - Skiing;
  - Airport access (within 1.5 - 2.0 hours);
  - Various accommodation options and tenures; and
  - An active village of sufficient size to attract interest.
- Provide strategic support for such development, including:
  - Land tenure options;
  - Hard services and quality access; and
  - Support for major attractors where appropriate - golf, interpretive areas, trails, etc.
- Foster development of other smaller, high quality destination experiences such as rustic lodges and inns in spectacular locations and near appropriate services. These locations will not make a big difference in terms of volumes of visitors but they will add to the attractiveness of the destination and to the positioning of the Rockies.
- Focus on Marketing. If we are able to bring the market to the region, the private sector will handle opportunity development in most areas. Canmore and Hinton, where supply has been created to address mountain park demand, are examples of this.
- The major role in development played by the public sector should be to being open and to encourage development. In Alberta this means identifying Crown land areas that are ripe for development, fostering conversion of appropriate lands for development, and supporting basic infrastructure provision.

While this feedback from the development sector was not identical, the above comments reflect the feedback of many. The theme is certainly similar from all, at least in relation to mountain markets.

Several members of the development community identified Kananaskis Country as the obvious location for the development of an accessible, four season resort. The existing development is far below threshold levels needed to create a destination, yet the infrastructure is in place to support a major development. If Kananaskis Country were opened to private sector resort development in and around the Village area, there would be significant interest and the resort would prosper and draw national and international markets. These respondents recognized, of course, that there are significant policy issues for government in addressing this opportunity.

5.4 Summary of Community Opportunities

Focusing on the communities that are the subject of this report and specifically on their opportunities in relation to the mountain market, we offer the following comments which are focused on the next three to five years.

EXHIBIT 17: OPPORTUNITIES FOR COMMUNITIES IN RELATION TO MOUNTAIN MARKET, 2003 - 2005

Community	*Opportunity in Relation to Mountain Market*	*Fixed Roof Accommodation Opportunity*
Grande Cache	➢ Could serve regional (Alberta, B.C., Saskatchewan) soft adventure/ hard adventure markets for mountain experience. Extreme adventure markets will continue to be focused on events primarily.	➢ Branding (e.g., Super 8, Days Inns) of one or more local properties possible in the near future. ➢ A branded, leisure-focused property (50 - 70 rooms) near the visitor centre is possible in the longer term.
Hinton	➢ Service role to the Jasper spillover market will remain in short to medium term. ➢ Opportunity to develop the Cougar Rock tourism node west of Hinton for the mountain market.	➢ Absorption of new supply occurring now to 2005. ➢ New supply after 2005 - 100 rooms. ➢ Cougar Rock will offer alternative for regional markets and some overseas markets in the latter part of decade.
Rocky Mountain House	➢ RMH prospering based on its economic strength. ➢ Mountain markets will be more interested in the development of the tourism nodes west of Rocky Mountain House. The Whitegoat Lakes node is available for development now.	➢ Absorption of new supply will take a few seasons, to 2004. ➢ Opportunity for branding some existing independent properties. ➢ Conversions and renovations anticipated to 2005.
Canmore	➢ Continuing role as a service centre to the Banff Rockies.	➢ Absorbing existing supply for one year. ➢ 100 rooms by 2005. ➢ 600 rooms by 2010.

Community	*Opportunity in Relation to Mountain Market*	*Fixed Roof Accommodation Opportunity*
Bragg Creek	➢ Boutique opportunity for mountain demand.	➢ One rustic inn or lodge by 2005 - 20 - 40 rooms. ➢ Larger independent property possible by 2010, depending on services.
Turner Valley	➢ Continue to serve itinerant tourist and business-oriented tourism.	➢ No new properties.
Crowsnest Pass	➢ Emerging role as mountain community, focused on active outdoor, (especially motorized) outdoor market. ➢ Will require significant public support to realize this end.	➢ Opportunity for another flag property in the area by 2005 (net 50 rooms). This will displace some of the existing supply. ➢ Strong opportunities for mountain lodge development. ➢ Longer term opportunity for a destination resort development.
Pincher Creek	➢ Continue to act as an overflow to Waterton, but highly seasonal community.	➢ Possible branding of one additional property, 50 rooms, but no new supply to 2005. ➢ Possible conversions or additions once Castle Mountain has developed as a regional mountain.
Fort Macleod	➢ Continue to act as an overflow to Waterton, but highly seasonal visitation. ➢ Historical resources will remain more important to leisure tourism rather than the mountain market.	➢ No new rooms are likely until a decision on the highway #2 and Highway #3 interchange at Fort Macleod is finalized. The development of the new historic attraction at the original NWMP Barracks site will also stimulate demand.
Cardston	➢ Continue to serve seasonal tourism markets. ➢ High seasonality and low internal growth preclude new development.	➢ No new rooms to 2005 for the mountain market.

5.5 Conclusion

Canmore and Hinton are anticipated to continue in their roles as spillover communities for mountain markets during the forecast period.

There are potential opportunities in or near some of the other communities for development related to the other types of tourism markets. In particular, there is an opportunity to develop alternatives to the large volume destination resort product. Small, high-quality, hotels, lodges and mountain retreats can be developed in areas near Hinton (Cougar Rock), Rocky Mountain House (Whitegoat Lakes), Bragg Creek, and Crowsnest. Development of small, quality properties in these areas will make mountain regions accessible to the market from Alberta nearby regions.

While individually these will not respond to the volume mountain markets, they will enhance the interest in and positioning of Alberta's Rockies. Some of these facilities may have the potential to attract a small portion of the international markets for the mountains.

If Alberta intends to compete to attract mountain visitors, it must offer a product superior to that offered by the emerging destination areas in British Columbia. A mountain destination can be superior for many reasons - accessibility, protected environment, superior planning, natural factors, infrastructure, amenity development and many other reasons. Alberta has the opportunity to provide competitive mountain destination opportunities outside the National Parks, in areas such as Kananaskis Country and southwest Alberta. However, current policy, legislation and other land use dispositions will impact opportunities in these areas from being realized to their fullest extent.

APPENDIX I

ALBERTA MOUNTAIN AND COMMUNITY FIXED ROOF ACCOMMODATIONS

ROOMS IN BANFF		
	Name	***# of Rooms***
1	Arrow Motel	18
2	Banff Avenue Inn	18
3	Banff Caribou Lodge	200
4	Banff International Hotel	165
5	Banff King Edward Hotel	21
6	Banff Park Lodge Resort	244
7	Banff Ptarmigan Inn	134
8	Banff Rocky Mountain Resort	171
9	Banff Travellers Inn	89
10	Banff Voyageur Inn	88
11	Best Western Siding 29 Lodge	57
12	Bow View Motor Lodge	57
13	Brewster's Mountain Lodge	73
14	Buffalo Mountain Lodge	108
15	Bumper's Inn	39
16	Charlton's Cedar Court	63
17	Douglas Fir Resort	133
18	Driftwood Inn	31
19	Dynasty Inn	99
20	Elkhorn Lodge	8
21	Hidden Ridge Resort	83
22	High Country Inn	70
23	Homestead Inn	27
24	Inns of Banff	186
25	Irwin's Mountain Inn	65
26	Johnston Canyon Resort	41
27	Mount Royal Hotel	136
28	Norquay's Timberline Inn	52
29	Pension Tennenhof Inn	10
30	Red Carpet Inn	52
31	Royal Canadian Lodge	99
32	Rundle Manor	23
33	Rundlestone Lodge	96
34	Sunshine Village ski resort	84
35	Swiss Village	52
36	Fairmont Banff Springs	770
37	Rimrock Resort Hotel	346
38	Tunnel Mountain Resort	96
39	Spruce Grove(City Planner)	87
		4,191

ROOMS IN BANFF (continued)		
	Name	***# of Rooms***
	ICEFIELDS AREA	
40	Sunwapta Falls Resort	53
41	Simpson's Num Ti Jah Lodge	21
42	The Crossing	66
		140
	BANFF TOTAL	**4,331**

ROOMS IN KANANASKIS		
	Name	***# of Rooms***
1	Delta Lodge at Kananaskis	321
2	Kananaskis Mountain Lodge	91
3	Rafter 6 Guest Ranch	30
4	Brewsters Kananaskis Guest Ranch	33
		475

ROOMS AT LAKE LOUISE		
	Name	***# of Rooms***
1	Baker Creek	33
2	Castle Mountain Chalets	23
3	Deer Lodge	73
4	Lake Louise Inn	232
5	Moraine Lake Lodge	33
6	Mountaineer Lodge	78
7	Paradise Lodge	45
8	Post Hotel	98
9	Fairmont Chateau Lake Louise	487
		1,102

ROOMS AT WATERTON		
	Name	***# of Rooms***
1	Aspen Village Inn	51
2	Bayshore Inn	70
3	Crandell Mountain Lodge	17
4	El-Cortez Motel	35
5	Kilmorey Lodge	23
6	Northland Lodge	9
7	Prince of Wales Hotel	86
8	Waterton Glacier Suites	26
9	Waterton Lakes Lodge	80
10	Waterton Int'l Hostel	6
11	Stanley Hotel	9
		412

ROOMS AT JASPER		
	Name	***# of Rooms***
1	Alpine Village	41
2	Amethyst Lodge	97
3	Astoria Hotel	35
4	Athabasca Hotel	61
5	Bear Hill Lodge	39
6	Becker's Chalets	118
7	Jasper House Bungalows	56
8	Jasper Inn Alpine Resort	143
9	Lobstick Lodge	139
10	Maligne Lodge	98
11	Marmont Lodge	107
12	Miette Hotel Springs	35
13	Mount Robson Inn	78
14	Patricia Lake Bungalows	37
15	Pine Bungalows	80
16	Pyramid Lake Resort	62
17	Royal Canadian Lodge	119
18	Sawridge Hotel	153
19	Tekarra Lodge	52
20	The Fairmont Jasper Park Lodge	451
21	Tonquin Inn	137
22	Whistler's Inn	62
		2,200

ROOMS AT CANMORE		
	Name	***# Rooms***
1	A-1 Motel	21
2	Akai Motel	41
3	Alpine Resort Haven	49
4	Banff Boundary Lodge	42
5	Bear and Bison Cdn Country Inn	9
6	Bear Country Lodge	30
7	Big Horn Store & Motel	27
8	Bow Valley Motel	25
9	Canadian Rockies Vacation Rentals	18
10	Canmore Hotel	22
11	Canmore Lodge	24
12	Canmore Regency Suites	40
13	Chateau Canmore Quality Resort	120
14	Days Inn Canmore (formerly Hampshire Inn)	29
15	Drake Inn	26
16	Four Points Hotel Sheraton Canmore	99
17	Gateway Inn Motor Lodge	19
18	Georgetown Inn	24
19	Green Acres Motel	14
20	Green Gables Inn - Best Western	61
21	Howard Johnson Hotel	202
22	Lady Macdonald Country Inn	12
23	Mariott Residence Inn	119
24	McNeill Heritage Inn	5
25	Mountain View Inn	44
26	Paint Box Lodge	6
27	Pigeon Mtn. Motel	16
28	Pocaterra Inn Best Western	83
29	Radisson Hotel & Conference Centre Canmore	224
30	Restwell Cabins	5
31	Rocky Mountain Ski Lodge	82
32	Rundle Mountain Motel	57
33	Rundle Ridge Chalets	38
34	Stockade Log Cabins	14
35	Sunset Resorts	40
36	The Gateway Inn at Harvie Heights	15
37	Westridge Country Inn	53
38	Windtower Mountain Lodge	48
		1,803

ROOMS AT HINTON		
	Name	***# Rooms***
	Hotels/Motels	
1	Athabasca Valley Hotel	45
2	Best Canadian Motor Inns Hinton	40
3	Best Western White Wolf Inn	42
4	Big Horn Motel	27
5	Black Bear Inn	60
6	Black Cat Guest Ranch	16
7	Blue Lake Adventure Lodge	25
8	Crestwood Hotel	97
9	Hinton Highway Inn	18
10	Holiday Inn Hinton	104
11	Johnson's Motel	16
12	Overlander Mountain Lodge	42
13	Pines Motel	21
14	Ramada Limited & Suites	55
15	Rocky River Inn	40
16	Super 8 Motel-Hinton	48
17	Tara Vista Inn	47
18	Timberland Hotel	30
19	Twin Pine Motor Inn	54
20	Willowbrook Bungalows	6
		833

OTHER COMMUNITIES		
Community	***Name***	***# of Rooms***
Bragg Creek	Countryside B&B	3
Bed & Breakfast	Eagle B&B	2
Properties	Four Point Crossing B&B	2
	Hilltop Ranch B&B	3
	Kananaskis Kountry Inn B&B	2
	Little Moose Mountain B&B	2
	Morningside Inn	3
	Sierra Manor	2
	Silver Willow Lodge	3
	The Chanterelles Guest House	3
	The Leonard Anderson B&B/Inn	2
	Total	**27**
Cardston	Cardston Super 8	45
	Flamingo Hotel	38
	Total	**83**
Crowsnest Pass	Historic Cosmopolitan Hotel	16
	Highwood Motel	32
	Kosy Knest Kabins	10
	Stop Inn Motel	24
	Valley View Motel	25
	Best Canadian Motor Inn	47
	Goat Mountain Getaway	6
	Crowsnest Mountain Resort	5
	Eckardt's Tecumseh Mountain Guest Ranch	6
	Total	**171**
Fort Macleod	Century II Motel	14
	D.J. Motel	14
	Fort Motel	14
	Heritage House Motel	12
	Kozy Motel	13
	Red Coat Inn Motel	28
	Sunset Motel	22
		117

Community	*Name*	*Rooms*
Grande Cache	Acorn Motel	51
	Alpine Lodge Motel	34
	Big Horn Motor Inn	37
	Grande Cache Hotel	48
	Inn on the Valley	48
	Misty Mountain Apartments and Suites	32
	Total	**250**
Pincher Creek	Super 8 Motel	39
	Blue Mountain Motel	13
	Foothills Motel	30
	Heritage Inn	42
	Parkway Motel	41
	Stardust Motel	14
	Westcastle Motel	17
	Total	**196**
Rocky Mountain House	Holiday Inn Express	39
	Alpine	21
	Chinook Inn	19
	Cozy Roomettes	21
	Eagle Lodge	34
	Tamarack Motor Inn	66
	The House Motel	24
	Mountview Hotel	21
	Voyageur Motel	40
	Walking Eagle Motor Inn	67
	Old Town Cottages	7
	Total	**359**
Turner Valley	Turner Valley Hotel	26
	Total	**26**
	TOTAL	**1,229**

APPENDIX II

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